very difficult. Those issues really do need to be addressed.

There is a great need these days for areas where people coming to airports just to pick up an arriving passenger can pull up and wait until the passenger rings them up and says they have arrived and will wait at the kerb to be picked up. In the United States they are called mobile parking areas, the connotation being that you just wait by your mobile phone and when it rings the passengers arrive and you can start your car and go into the pick-up zone and pick them up. We do not do that in Australia, and we should. I appeal to airport operators to make that provision for passengers who need to be picked up, who do not need short-term or long-term parking. Brisbane airport actually works against that philosophy, because on the four- or five-kilometre approach to Brisbane there is no parking all the way along. The idea seems to be to feed cars into the short-term car park so you can charge them money. I reckon that is pretty short-sighted and unfortunate. The travelling public should have somewhere they can just wait until the plane lands and the passenger comes out of the terminal and they can just be called when the passenger is ready to be picked up. It seems eminently sensible to me, and I appeal to the airport operators to have a look at that.

This bill fixes the administrative oversight that occurred in a former bill in relation to parking notices, and it addresses the question of the status of notices issued prior to 25 March to make them all valid. It is a non-controversial piece of legislation. I support it and the opposition supports it, and I thank the House for the time to make this contribution.

Ms McKEW (Bennelong—Parliamentary Secretary for Infrastructure, Transport, Regional Development and Local Government) (11.33 am)—I thank members of the House for their contributions to the debate on the Airports (On-Airport Activities Administration) Validation Bill 2010. The government is certainly keen to ensure the administration of regulatory requirements is effective and valid. That is why it has been necessary to pass this legislation to remove any uncertainty introduced by the potential invalidity of infringement notices issued and any other actions performed by persons not validly or lawfully authorised under the regulations.

Effective traffic control arrangements are of course essential for the efficient operation of airports. Accordingly, members of the community are required to comply with the traffic management arrangements in place at the airports. The legislation addresses a defect in the formalities of the authorisation dating back to 2004, and it in fact confirms immunity from prosecution to persons who received the infringement notices and paid the relevant penalty.

Certainly in the future the government will ensure that administrative arrangements for this program are strengthened so that this sort of oversight will not occur again. I again thank members for their contributions and commend the bill to the House.

Question agreed to.

Bill read a second time.

Third Reading

Ms McKEW (Bennelong—Parliamentary Secretary for Infrastructure, Transport, Regional Development and Local Government) (11.35 am)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

GOVERNANCE OF AUSTRALIAN GOVERNMENT SUPERANNUATION SCHEMES BILL 2010

Cognate bills:

COMSUPER BILL 2010

SUPERANNUATION LEGISLATION (CONSEQUENTIAL AMENDMENTS AND TRANSITIONAL PROVISIONS) BILL 2010

Second Reading

Debate resumed from 4 February, on motion by **Mr Tanner**:

That this bill be now read a second time.

Mr HARTSUYKER (Cowper) (11.36 am)—I welcome the opportunity to speak on the Governance of Australian Government Superannuation Schemes Bill 2010, the ComSuper Bill 2010 and the Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2010. These three bills taken together seek to merge three trustee boards and authorities into a body which will then become the trustee of the main civilian and military superannuation schemes. The boards which will be amalgamated concern the Australian Reward Investment Alliance board, for civilian schemes; the Defence Force Retirement and Death Benefits Authority; and the Defence Forces Retirement Benefits Scheme, which is administered by the Military Superannuation and Benefits Scheme board, for military schemes. The particular schemes to be administered by the new body include the Commonwealth Superannuation Scheme; the Public Sector Superannuation Scheme; the Public Sector Superannuation Accumulation Plan; the scheme provided for under the Papua New Guinea Staffing Assistance Act; the Defence Forces Retirement Benefits Scheme; the Defence Forces Retirement and Death Benefits Scheme; the Military Superannuation and Benefits Scheme; and, finally, the scheme established under the Superannuation Act 1922. These schemes will be amalgamated into the Commonwealth Superannuation Corporation,

which is established by the governance bill and which will operate as a body corporate with a separate legal identity from the Commonwealth. The ComSuper Bill establishes ComSuper as a prescribed agency under the Financial Management and Accountability Act and as a statutory agency under the Public Service Act.

The government is introducing these bills to find efficiencies in the management of government administered superannuation schemes. The amalgamation of all Commonwealth civilian and military superannuation boards is intended to provide administrative efficiencies, as well as secure financial gains through the amalgamation of all investment funds. The total amount for investment across the funds is approximately $19 billion. This includes $16 billion which is currently managed by the ARIA board and $3 billion which is managed by the MSBS board. It is estimated that an additional $10 million per annum will be generated due to the type and size of the amalgamated investment funds and the opportunity to consolidate investments.

The bills stipulate that the board of the Commonwealth Superannuation Corporation shall consist of 10 members and a chair, five of which will be appointed by the minister for finance, three of which will be appointed by the President of the Australian Council of Trade Unions and two of which will be appointed by the Chief of the Defence Force. Here lies the first problem that the coalition has with this legislation. Why should the President of the ACTU be allowed to nominate three members of the board of ComSuper governance? The last time I checked the ACTU was not a government body and the President of the ACTU was not employed by the Commonwealth. Whereas decisions made by the minister for finance and the Chief of the Defence Force can be held to account in the parliament, the President of the ACTU seems to be able to appoint any person to the board without any oversight whatsoever. Clause 10(4) prevents the minister from questioning the decision of the ACTU President in making an appointment. The explanatory memorandum explains that it is not intended that the minister have any obligation to satisfy himself or herself that the appointment has been properly made. Clauses 16(5) and 16(6) go even further. These clauses prevent the minister for finance from dismissing an appointment made by the President of the ACTU without first receiving permission from the ACTU.

The bills list a number of reasons why a board member can be dismissed. These include misbehaviour or physical or mental incapacity; or if a director becomes bankrupt; or if a director fails to attend three consecutive board meetings and does not have a leave of absence; or if a director does not disclose interests to the board. So we could have a mentally incapacitated, bankrupt director who cannot be sacked by the minister for finance because the ACTU President will not allow the dismissal. This creates the extraordinary situation where the minister for finance cannot overrule the ACTU President on board member decisions. When did the ACTU President become more important in managing Australia's financial investments than the minister for finance? What happens if the ACTU President disagrees with the minister for finance? The bills contain no measures whereby such a conflict can be managed, although, the department of finance explicitly stated to the Senate inquiry that the minister can only remove a board member with the ACTU President's permission.

This is an important point because we know that this government has some differences of opinion with the ACTU from time to time. For instance, I refer to comments in February this year by ACTU President, Sharan Burrow, who reiterated the ACTU's long campaign to increase the superannuation guarantee and called on the government to increase the super guarantee rate to 12 per cent by 2012. Now let us contrast those comments with the position of the Prime Minister and of the former minister for superannuation, Senator Sherry, before and after the 2007 election. The Prime Minister told Radio 4BC in Brisbane before the election that he would not make any changes to super—'not one jot, one tittle'. This was followed by remarks from Senator Sherry, who said:

> We won't be increasing the nine per cent superannuation guarantee for a number of reasons. I've said time and time again at many conferences to many people in the financial services sector, privately and publicly, that nine per cent is enough from the employer, it would be unfair to increase that nine per cent any further and we won't be doing it.

The then minister for superannuation, Senator Sherry, also had this to say after the election in March 2008:

> The 9 per cent superannuation guarantee contribution that employers pay for their employees—again, we've committed that we could not increase that and increase the payment burden on employers.

But, as we all know, in the 2010 budget the government listened to union demands and decided to increase the superannuation guarantee to 12 per cent. Senator Sherry is right: the policy certainly will be a burden on employers. It will increase payroll costs by around $20 billion per year when the 12 per cent is phased in. This includes around $10 billion from the two million small businesses in Australia. But the ACTU are not famous for considering the interests of small businesses over union interests. Here is what the ACTU's secretary, Jeff Lawrence, said about the government's policy:

> "The pathway to a 12 per cent superannuation guarantee is a big win for … Australian unions …"

So when it comes to superannuation policy, the government does not listen to the former minister's commitments. It does not listen to the Prime Minister's

commitments. It does not even listen to the recommendation from its own Henry review, which specially recommended against lifting the superannuation guarantee. Instead, the government listens to an ACTU campaign. And these bills formalise that position. They prevent the minister for finance from overruling the ACTU President with regard to the ComSuper board. This is an unacceptable position. No wonder the defence community want their own administrative board for superannuation when this government has been proven to be so incompetent at managing superannuation policy and has been putting the ACTU's interests ahead of commitments by the Prime Minister and the former minister for superannuation.

Since these bills were released for comment, the veteran community has argued very strongly that the amalgamation of all civilian and military Commonwealth superannuation boards will have negative consequences on the future of military superannuation schemes. A Senate inquiry on these pieces of legislation reported on Monday, 15 March and allowed the defence community to voice their anger at the proposals. The Defence Force Welfare Association submitted to the inquiry that it strongly contends:

> … military superannuation schemes require a board and management structure that is separate from, and is seen to be separate from, Board and management structures applying to the Commonwealth's civilian superannuation schemes. The proposed Board merger will seriously disadvantage military superannuation contributors and beneficiaries and, in turn, the wider Australian community because: The unique conditions of military service will be subordinated to, and subsumed by, civilian conditions of service even though the two are fundamentally and materially different.

The Australian Veterans and Defence Services Council Inc. said:

> There is not now in the government function the interest that came with earlier parliaments … with people who had the experience to be able to recognise the uniqueness of military service and therefore had an objective approach to military superannuation as a feature of conditions of service.

The coalition agrees that military superannuation is unique. As my colleague the shadow minister for Defence Science and Personnel will explain, military superannuation is offered as part of a broad remuneration of Australia's defence personnel. The defence community believes that these bills are another step that will erode the unique position given to military superannuation.

Military personnel make a huge sacrifice for the Australian people and they deserve to be rewarded through a generous and unique superannuation scheme that provides for them in retirement. The defence community should be rewarded and not punished. The amalgamated superannuation board will allow the Chief of the Defence Force to choose two board members, compared to the ACTU's three. What this government is effectively telling the defence community is that they are less important than the ACTU, and the ACTU has appointed board members who will have more say on the unique position of military superannuation than the defence force members. The coalition agrees with the defence community. It is an outrageous proposition that the ACTU should have more say on the management of military superannuation than the Department of Defence.

Furthermore, the proposals will require a quorum to be formed by a board consisting of nine of the 11 members. The coalition is concerned that the three ACTU appointed board members could prevent a meeting from taking place merely by refusing to attend the board meeting. The ACTU could hold the board to ransom if ever an issue were to arise that the ACTU disagreed with. This is unacceptable. The coalition will not support these bills as they are currently drafted.

The coalition concurs with many from the defence community who believe that that the Defence Force Retirement and Death Benefits Authority, the Defence Forces Retirement Benefits Scheme, and the Military Superannuation and Benefits Scheme should be amalgamated under one board. However, this board should remain separate from the administration of civilian superannuation. The amalgamated military board should have oversight and control of all matters relating to the management of military superannuation schemes. It is appropriate that the military and civilian boards have a common chairperson, but no person can be appointed as a director on both the civilian and military boards concurrently. Importantly, the veteran community needs to be represented on the military board.

Any board should contain a sunset clause so that the operation of the two boards can be reviewed after either three or five years to ensure that the interests of both military and civilian persons are being managed appropriately and in their best interests. The bill should also ensure that the Minister for Finance and Deregulation always has the final say over decisions made by the ACTU president with regards to board membership. The coalition cannot support these bills in their current form and will be looking to introduce amendments in the Senate.

Mr RIPOLL (Oxley) (11.49 am)—I have to say at the outset of this very important Governance of Australian Government Superannuation Schemes Bill 2010 and cognate bills that I am quite disappointed in the shadow minister and some of the grand rhetoric that he has put forward and some of the misleading words and views in terms of what this bill is about or, more broadly, military superannuation. As we all understand and know, these are big issues in the community, the military community and all of our electorates.

We all work very hard to make sure that our veterans' community are well looked after, that all their entitlements are properly maintained and managed over a period of time and that any government looks after the best interests of our military personnel. We all support that. What I find offensive and wrong in these debates is when our military folk are used as political tools for an opposition that is in the business of opposing rather than looking at the substantive good work that has gone into the reforms that have been put forward here today in the bill before us. There is also the very simple fact that the extensive and wide consultation that has taken place was done with the military community and with ex-service organisations and has the full support of all of those organisations, including the RSL. That is a little yet important point I would have thought the shadow minister might have taken just a brief moment to talk about.

Who supports this bill and the reforms we are putting on the table? Military people do. Who opposes it? A bunch of opposition politicians do. I think that says a lot about the calibre and character of the people who oppose this in the House, like they oppose many other things. They oppose reform in the Medicare and health areas, they oppose reform in the stimulus packages, they oppose a whole range of other areas—very important infrastructure bills and so forth. I will not dwell on those points. I want to concentrate on some very important issues that are before us. I also make the point that these are complex matters for many people to deal with. It involves their retirement incomes and what is a very emotive issue for many people in the defence forces, particularly those who have retired or those who are retiring sometime in the future because of the benefits that they believe they are entitled to, and which they are entitled to—there is no question of that.

Everything this government has done in the 2½ years since it was elected has reflected the fact that we are looking to put the best interests of military personnel first, to improve the superannuation schemes that are available to them and to make those schemes reflect the 21st century and not the bygone eras of 20, 30 or 40 years ago. The commitments of past governments are no longer relevant when considering what military personnel should receive today. We are very committed to ensuring that military personnel have a proper, fair, equitable and indexed set of superannuation arrangements in place, and we are no less committed to modernising the government's arrangements around military superannuation schemes. That is what these bills are about and that is what they do. They do it to improve efficiency, to ensure the sustainability and longevity of those schemes and to make sure that future governments are not caught out when it comes to what are in most cases ostensibly defined schemes where the liability is met by government out of consolidated revenue. It is a very important point that in the scheme proposed in these bills, as in any defined benefits scheme, the contributions going in do not necessarily accumulate to a point where they can fund the liability of the schemes; rather, these schemes are funded out of consolidated revenue by the taxpayer and the contributions made by military personnel. It is very important that we get the governance arrangements right, that these schemes are efficient and that they reflect the changing environment in superannuation.

I make a couple of other points before going to the specific details of a couple of other areas relating to superannuation. The shadow minister, the member for Cowper, raised these issues when he talked about the increase from nine per cent to 12 per cent, and again the opposition seem not to be supportive. Those opposite talk about the ACTU and how this legislation represents win for unions. I would have thought that it was a win for the people receiving it—ordinary people and workers. Unions do not receive the superannuation. The ACTU as a body does not receive the superannuation. The individual people—the mums and dads and the workers of this country who are the productive people creating the wealth in the economy—receive the suparannuation. It is not the ACTU that receives the superannuation but the workers. So I find it bizarre and offensive that those opposite come in here and say this legislation represents a big win for the ACTU or the unions. I think it is just ridiculous.

It is very important to note here that the superannuation system in this country—our national savings—was one of the biggest reasons why we went through the global financial crisis in better shape than did most other countries. We had this really great and sound fundamental base, and I think that important point is lost on those opposite. Making governance improvements and efficiencies and pulling these schemes together under a single trustee body is the right direction to go. I did hear the shadow minister saying that it was the right direction. Of course it is, and for that reason alone the opposition should be supporting these bills rather than going off at tangents about the control of superannuation, a subject I will come back to.

The community, though, certainly understands that the Labor Party is the architect of superannuation in this country. That big step forward in superannuation reform was a brave move. If you look back 20-plus years from now, you will see the benefits of that, and here we are again with some simple and straightforward though involved reforms on which you would at least expect the opposition to come on board. These reforms are not about politics; they are about military personnel having a win and the best possible arrangements the government can find. The government has gone through an extensive consultation process and had a lot of work done to make sure that it is robust and sound and about proper governance, which are all

things that this country is renowned for. So I find it completely odd that the opposition oppose this.

Perhaps they are a little bit embarrassed that the government has done more in 2½ years than they did in 12 years—perhaps it is as simple as that. There has been more reform and more good things done on issues of concern to military personnel in the 2½ years that we have been in government than there were in the 12 years that the Howard government was in control. I highlight that point because it relates directly to military superannuation. When the Podger review—which was commissioned and done under the Howard government—was finished and the report delivered, the Howard government refused to release it. We made a commitment in opposition that, should we be elected, we would release that report, and we have done that. I think it needs to be noted that, while the other side put together that review, they would not allow it to become a public document and we did.

These bills go to a range of very important matters. They aim to modernise the government's arrangements in the Commonwealth military superannuation schemes without altering those schemes—and this is another point that has been missed by the opposition—or altering the entitlements of members under those schemes. They are retained in full. The purpose of these bills is to follow through on government decisions that were made in 2008 and 2009 to merge the existing trustees of the main Commonwealth civilian and military superannuation schemes to form one single trustee body, which is the correct way forward.

The changes that these bills make to both the government's framework and the administrative arrangements for these schemes will make the system more efficient. There are cost savings in making them, and those savings can be passed onto the beneficiaries of those schemes, be they civilian employees of the Commonwealth or military personnel. The bills are about improving efficiency and improving the management of the schemes. They will allow the benefits of the improvements to flow through to everybody involved in those schemes. It is well understood—it is a matter of fact—that small superannuation schemes are less efficient than larger schemes. With Jeremy Cooper doing his review of superannuation, it is also clear that the movement towards larger superannuation schemes is part of the operation of a better system. It protects members, gives them higher efficiencies and better governance and means that they get higher returns from those schemes.

While consideration was given to a single trustee body in the arrangements put forward in this bill, the greatest degree of consideration was given to the unique nature of military service and military personnel. The bills should not be treated as though they were put together only in the light of superannuation and then tacked on without consideration of the unique nature of military service and military personnel when they were in fact put together in the opposite way. They were put together to look very specifically at how we preserve, maintain, improve and enhance the schemes for military personnel as well as for people from Commonwealth civilian services. This government would not have set about this process without that being a primary focus and without ensuring that it was the focus by undertaking wide-ranging consultation.

These amendments complement the existing features of military superannuation and reflect the special nature of military service. They are completely consistent with the views that have been put forward by military stakeholders, including, as I said at the outset, key ex-service organisations and their members. The unions of military personnel have been consulted and have been supportive. So again it is another big win for military personnel. They are the beneficiaries, not their representative bodies or the unions that represent them.

The amendments affect the process for nomination of directors, amongst a range of other things, as you would expect for a governing body under a single trustee. The governing board of the Commonwealth Superannuation Corporation, the CSC, will consider matters that relate solely to the military schemes and there is a special provision made to ensure integrity around its operations. In particular, the consolidation of the scheme funds will allow members of the Military Superannuation and Benefits Scheme, who comprise the bulk of the serving Defence Force personnel, to gain substantial benefits from the merger.

As I said earlier, industry experience has shown that size does matter—it matters a lot—when it comes to superannuation. By bringing these together you combine what are essentially very small schemes, almost boutique schemes in some cases, into a much larger, much more robust and fundamentally sound system without changing the schemes themselves. This brings on board the weight of confidence that is created in going from 50,000 or 60,000 members, as in one particular scheme, to 650,000 members—that weight of support of having all those members in those schemes.

The merger will bring more than 650,000 members together for the first time under one trustee. This will mean that there will be around $19 billion of funds under this new body. That is a much more workable number in terms of governance and efficiency, and this is enhanced by having a large superannuation governing board. It is not about changing the schemes; the particular features and benefits of the schemes remain the same. I cannot stress that enough because I know for a fact that the opposition will go out there, as they have in other areas, and mislead people about the benefits, the entitlements and the governance provided for in the bill and the outcomes of the amendments. We

just heard it from the shadow minister. He just came in here and told everybody, straight out, that the opposition are going to oppose these very good reforms that are supported by the military. They are going to oppose them because it suits their political agenda to do so; unfortunately, military and ex-military personnel will have to pay the price, as will Commonwealth civilian personnel.

These bills were developed with a particular priority of maintaining and protecting the features of those military superannuation schemes. As I have said—I cannot say it enough in this debate—specific additional issues were raised, considered and dealt with by key ex-service organisations, including the Returned and Services League. We have evidence of a strong commitment to recognise that unique military service and we have the backing of those organisations.

The amendments make changes to a range of things. I took particular note of what the shadow minister was saying and his concerns about the powers of the Minister for Finance and Deregulation or perhaps the Chief of the Defence Force and others who are members of the board. The reality is that the finance minister can only make certain changes if he consults with the Minister for Defence in relation to the appointment and termination of employer directors on the board. I do not see how anybody could argue against the finance minister having to consult. I would have thought that consultation with the defence minister in relation to specific appointees to the board is the sort of shared power you would want in a military superannuation scheme. I think that is a worthy aim. If this provision were not included in the legislation, I bet you anything you like that the opposition would come in here and say, 'There's no consultation by the government. They're wielding power. They're going to do this of their own volition and not consult with anybody.' We actually are consulting. The finance minister must consult with the defence minister, which is a very sound move. Having more insight and expertise in the area of defence, the defence minister should be consulted by the finance minister in these very important matters.

The changes go a few steps further. The Chief of the Defence Force also needs to consult with one or more relevant organisations in nominating member directors for appointment to the board—so there is another consultation process that needs to take place. These relevant organisations include organisations that promote the interests of the beneficiaries under the scheme, such as the RSL and other service and ex-service organisations. We have ensured that that consultation process involves not just the executive of government but also the executive of defence and the representative bodies of serving and ex-service personnel. That is the right way forward—these are the sorts of consultation processes needed to improve the system.

We also ensure that there is a requirement for at least one of the employee directors nominated by the Chief of the Defence Force to be present when the board is deliberating on an issue that relates to military schemes, which is an arrangement that does not exist at present. This is to ensure that they cannot be excluded and that the voice of the military is always present—it must be present.

I cannot understand the kind of waffle that we got from the shadow minister about how the military voice would somehow not be there when the military voice is clearly there through the Chief of the Defence Force, the structure of the board and the consultation process, as well as ensuring that at least one of those board members must be present in relation to any issue that relates to the military schemes, and also a change to the membership of the dedicated defence committee to prescribe to the chair of that committee that one of the directors also be on the board of the CSC. So not only is that taking place at a broader level but specifically on the board for the military superannuation schemes.

These are consistent changes to what takes place in the broader community and what takes place in Commonwealth Public Service superannuation schemes and are reflective of best practice. They are reflective of the best opportunity for military personnel to maintain and improve their access to superannuation and also their termination payments, to make sure that those are the maximum they possibly can be under the schemes. There are also a number of technical matters, but, having dealt with the substantive matters, I will leave the technical matters to one side.

Unfortunately, and also a bit sadly, there has been a misinformation campaign by some in the community about changes to superannuation and the old DFRB Scheme, the DFRDB Scheme and the more recent MSB scheme. I just want to make a couple of quick notes. One is that none of those schemes have disappeared. While there are no new entrants into those schemes, they still exist for those people who are members of those schemes. The issues that are being raised in a number of forums are misleading and are not based on fact. The government has gone to some lengths with the best interests of the military—serving and ex-military—personnel at heart and will continue—*(Time expired)*

Mr BALDWIN (Paterson) (12.09 pm)—I rise today to speak on the Governance of Australian Government Superannuation Schemes Bill 2010 and cognate bills. Simply put, the bills set out to combine all current Commonwealth civilian and military superannuation trustees, namely the Australian Reward Investment Alliance, the Military Superannuation and Benefits Board and the Defence Force Retirement and Death Benefits Authority, into one body. The new trustee, which is to be named the Commonwealth Superannua-

tion Corporation, or CSC, will be responsible for the administration of the following schemes: the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme, the Public Sector Superannuation accumulation plan, the scheme provided for under the Papua New Guinea (Staffing Assistance) Act, the Military Superannuation and Benefits Scheme, or the MSBS, the Defence Force Retirement and Death Benefits Scheme, or the DFRDB, the scheme established under the Superannuation Act 1922 and the Defence Force Retirement Benefits Scheme.

This bill will impact on approximately 650,000 members of the various civilian and military superannuation schemes. Furthermore, the proposed CSC would be responsible for managing approximately $19 billion worth of combined military and civilian funds, which would include approximately $16 billion currently managed by the ARIA board and $3 billion currently managed by the MSBS board. It is therefore critical that this bill and its potential impacts on the members of the various Commonwealth superannuation funds be properly examined.

I note that my colleague, the shadow minister for superannuation, the member for Cowper, has focused on the broader impacts of this bill as it relates to Commonwealth superannuation schemes. During my time today, I will be speaking specifically on the effects that this bill will have on members of the various military superannuation schemes, namely the MSBS, the DFRDB and the DFRB. Fundamentally the government believes that increased returns for members can be generated through streamlining the administration of the schemes and creating a larger singular pool of investment funds, thereby increasing benefits and financial returns to the various scheme members. Importantly, however, whether or not members will receive any benefit remains to be seen, and no guarantees have been made by the Rudd Labor government. All that has been indicated by the Rudd Labor government is that by merging the military and civilian schemes, the additional investment returns would, if based on 2008 figures, be about $10 million in the first year, $15 million in 2018 and $19 million in 2028.

I agree that the funds from the ARIA managed schemes and those schemes managed by the MSBS board should be combined. In fact, if we are to believe the government, which is becoming harder and harder by the day, then most ex-service organisations would agree with that logic. However, this is not the sticking point with regard to this legislation, even though the government has tried to paint it as such. The real sticking points are the governance arrangements and, more importantly, the fact that this bill fails to take into account the unique nature of military service. On the matter of governance arrangements, this bill stipulates the CSC will have a board consisting of 10 directors, plus one chairperson. Three of those directors will be nominated by the president of the ACTU, five will be nominated by the Minister for Finance and Deregulation, but only two will be nominated by the Chief of the Defence Force. It becomes very clear very quickly why the coalition and indeed the ADF community oppose this bill. The coalition cannot support the inclusion of three trade unionists on a board that is responsible for managing military superannuation.

The coalition does not support these arrangements because, by the sheer weight of numbers under the CSC governance structure, the two votes of the CDF nominated directors will be rendered insignificant. I acknowledge the finance minister's eleventh-hour amendment, which would mandate that all matters relating specifically to the interests of military members must have a quorum of a least one CDF nominated director in attendance. But that simply does not go far enough, and the weight of numbers on the CSC board will significantly disadvantage military members. Just why the Rudd Labor government believes there should be three ACTU appointed directors and only two CDF appointed directors remains unclear, but given that the ALP is at the helm, it is hardly surprising.

The coalition also takes considerable issue with the arrangements that give the President of the ACTU the determining voice in the dismissal of ACTU directors. The effect the regulation contained in subclause 10(4) has on governance arrangements is best illustrated through an example. If an ACTU appointed director who is responsible for making decisions that affect hundreds of thousands of people and who is responsible for managing tens of billions of dollars worth of investment funds was himself to become bankrupt, for example, they should be removed from the CSC board. However, this legislation stipulates that the minister for finance is unable to remove that person. In fact the only person who can remove an ACTU director is the President of the ACTU. I find it quite extraordinary that the minister for finance is subordinate to the President of the ACTU. In fact, it is not extraordinary—it is downright preposterous.

What makes matters worse is that this issue was raised directly with the minister for finance by the coalition and the ex-service community, and yet he has still failed to rectify this glaring legislative problem. The minister for finance has failed to appreciate the implications contained within subclause 10(4) because this minister believes consultation is a one-way street. The minister believes that a single meeting and a follow-up brief a couple of months later—but no earlier than 24 hours before reintroducing the amended legislation—constitutes meaningful dialogue.

I met with the minister for finance regarding this bill in good faith. I did so on behalf of the coalition and on behalf of the veteran community, who raised many of

their objections directly with me. Unfortunately, all that resulted from this was a commitment by the government to ensure that the amended legislation contained strengthened provisions for consultation—which is somewhat ironic because consultation is the exact thing that this government failed to do before drafting this legislation. The proposed amendments contained in this bill are as follows: a requirement for the CDF to consult with relevant organisations on the appointment of two military directors; a requirement for the minister for finance to consult with the Minister for Defence on appointing the five employer representatives; a requirement for the minister for finance to consult the Minister for Defence on the appointment of the ComSuper CEO; a requirement for a quorum on matters relating specifically to the interests of military members to include one CDF nominated director; a requirement for decisions made by the board to include one CDF appointed director when issues relate to the interests of military members; and a requirement that the chair of the Defence Force Case Assessment Committee is one of the CDF nominated directors.

Interestingly, there is no mention of the composition of the board—with three ACTU appointed directors and only two CDF appointed directors. There is no mention of how only the President of the ACTU can dismiss ACTU appointed directors. There is also no mention of the coalition's proposed amendments. Furthermore, there is no mention of the unique nature of military service and how this bill and the amendments are supposed to safeguard the issues of current and former ADF personnel.

Having canvassed the major governance issues that remain in this flawed legislation, I would now like to turn to the matter of the unique nature of military service. The Defence Force Welfare Association, the DFWA, has a long history of representing the interests of current and ex-service personnel and their families on a range of issues. Most notably, the DFWA is vocal on issues such as service conditions, including health care and family support. But they are also vocal, as I am sure Minister Tanner is aware, on matters such as military superannuation reform. It is appropriate, therefore, that I raise one of the core issues the DFWA has identified in this bill, and not simply because I appreciate those concerns but because the DFWA in this instance best encapsulates the sentiment emanating from the service and ex-service communities. The view of the Defence Force Welfare Association and, I might add, the vast majority of those who have written directly to me regarding this bill, is that, by combining the military and civilian schemes, the unique nature of military service will be further eroded. The DFWA has said:

> Unique service requires unique solutions, not ones which further blur the distinction between the uniqueness of military service and civilian norms.

Those that know of the DFWA's views on such matters will be more than familiar with their stance regarding the uniqueness of military service. I do not think there would be any opposition from those in the House when I say that I too believe that serving in the military equates to a very unique type of national service. Of course, I can understand why veterans and those organisations that represent them believe that the unique nature of military service is under threat.

It must be remembered that the Rudd Labor government promised, in the 2007 Labor election policy document, that it would:

> … maintain a generous military superannuation system in recognition of the importance of the ADF and the immense responsibility placed on personnel in securing and defending Australia.

Of course, the veteran community now know that the Rudd Labor government took them for a ride. They know that they were used purely for political reasons and that they can no longer trust the Rudd Labor government. It is little wonder, then, that the DFWA believes that this bill will lead to the further erosion of their benefits, even in the face of assurances offered by the minister for finance. After all, this is the same minister who declared that the Rudd Labor government was satisfied that the consumer price index was the most suitable indexation method by which to index veterans' superannuation pensions.

I want to reiterate my words from only a week ago, when I spoke on a private member's motion regarding the uniqueness of military service:

> I and the coalition have always considered and will always consider service rendered by our military personnel as unique. Although I have not served in the ADF, I have had many opportunities to experience the many facets of service life through, for example, my work as the shadow minister for defence science and personnel, through my participation in the ADF parliamentary program and most recently by spending a week with Australian troops on the ground in Afghanistan with my colleague—

shadow parliament secretary—

> Stuart Robert.

But, then again, I would argue that one need not have served in the military to understand the unique nature of that service. Simply ask the spouse of a current serving member and they will, I have no doubt, convey to you the uniqueness of their husband's or wife's service.

Serving in the Australian Defence Force is unique not only for what members are asked to give for their country; it is unique for all that they forgo in the name of that service—for example, missing the birth of their son or daughter because they were deployed on operations in the Middle East, or missing out on Christmas with family and friends because they were assisting in a diaster relief effort at home or abroad. Perhaps one of the finest summations of the uniqueness of military

service I have read to date comes from David Jamison, President of the DFWA who said:

> In volunteering for military service, the individual accepts the surrender of his or her basic rights under Article 3 and places his or her life, liberty and security of person in the hands of the State. This surrender is not unconditional, though in extremis, it is absolute.

Given the unique nature of military service—so eloquently encapsulated in Mr Jamison's quote—it is not surprising that both current and former ADF members take acute opposition to the proposed composition of the new CSC board and the effect that this legislation will have on further blurring the distinction between military and non-military service. In fact, these issues were raised in almost every submission to the Senate Finance and Public Administration Committee hearing on this bill and have been raised in every piece of correspondence that I have received from concerned members and ex-members of the ADF.

The coalition is opposing this legislation because it is flawed in its current form. The legislation is being opposed because it ignores the central tenet that military service is unique and it is being opposed because the Rudd Labor government failed to consult with the very people whom this legislation will affect the most: those men and women who are currently in or were in the Australian Defence Force. It will probably come as no shock that the Rudd Labor government failed to consult with those affected. They did not bother to consult with any of the organisations that represent past and present members of the ADF. Organisations like the Defence Force Welfare Association or the RAAF Association were simply not included in the lead-up to the development of this legislation. That is symptomatic of this Rudd Labor government. It attempts to introduce new legislation without even consulting with those it will affect. The new mining supertax is but another example in a suite of examples. It was only after the coalition flagged concerns with the current legislation and pushed for a Senate committee enquiry that organisations like DFWA and the RAAF Association were given the chance to have their collective voices heard and to express their views. Only then were individuals able to submit their personal views on this flawed legislation—legislation which would directly affect them.

Even as late as yesterday, when the Rudd Labor government thought it was appropriate to inform the coalition of its amendments to this bill, they still had not consulted widely. In fact, the briefing note did not mention who the Rudd Labor government supposedly consulted with within the ex-service community, only that those in the ex-service community generally agreed with their amendments. It will come as no shock, but I take issue with such an assessment, particularly when ex-service organisations and veterans continue to tell me exactly the opposite and that they remain opposed to this legislation. Furthermore, the Defence Force Welfare Association has said that the Rudd Labor government's reference to the view of all the ex-service organisations at an ESO roundtable were 'disingenuous' and that:

> Most of what are outlined as the outcomes of the discussion came from ESO leaders comments who had not had the chance to be fully briefed on the issues and were unprepared for substantive discussions on the topic.

In complete contrast with the Rudd Labor government's approach to this legislation, the coalition has listened to current Australian Defence Force members, veterans, ex-service people and ex-service organisations. The coalition consulted widely, and we had the common decency to listen to those who will be affected by these legislative changes. If the Rudd Labor government had bothered to engage with the veteran community and current serving members before drafting the legislation, they would have quickly realised that merely gaining administrative efficiency is not a sufficient reason for the introduction of this bill.

While this bill may help streamline the administration of Commonwealth superannuation schemes, that alone is not a sufficient justification for the amalgamation of all Commonwealth civilian and military schemes. While the bill may provide some financial benefits to members, the Minister for Finance and Deregulation, Mr Tanner, has not done enough to convince past and present ADF members that financial benefits alone will be worth the diminution of their status on an amalgamated military and civilian board.

The coalition has raised its concerns directly with the minister for finance and has discussed alternatives to the current proposed legislation, including the introduction of separate civilian and military boards. The coalition's proposal would see the continuation of a single civilian board but would introduce a single military board that would administer all the military schemes, including the DFRDB and MSBS boards. Such a construct would simplify administration arrangements—an aim of the proposed legislation—while also helping to ensure that the unique nature of military service is recognised. The proposal would also provide the potential for additional financial gains for members through the amalgamation of all civilian and military invested funds. Furthermore, whilst it is envisaged that the two boards would have a common chairperson, no director would be able to be appointed to both the civilian and the military boards. Lastly, the coalition proposes a sunset clause in the legislation that would allow for the review of the proposed construct after three to five years in order to ensure that both military and civilian investment funds are being managed appropriately and in the best interests of their members.

Unfortunately, Minister Tanner did not take on board even one suggestion put forward by the coalition. Instead, as I have previously mentioned, he thought it best to simply present the government's amendments to the coalition at the eleventh hour. Mr Speaker, that is not consultation but merely an illusion designed to give the impression of consultation—and we all know that this government receives top marks for its smoke-and-mirrors campaigns right now.

The Rudd Labor government is being not only obstructionist but also obstinate in its lack of willingness to come to the table and negotiate acceptable outcomes with the coalition. We have said to the minister for finance that we have no problem with combining the investment funds in order to increase financial returns, but we have also said that our first responsibility is to govern in the national interest, which includes defence interests and the interests of current and former defence personnel. The coalition remains committed to ensuring that their interests and assets are protected, and they simply will not be when only two members of a 10-person board represent the interests of military members.

We do not believe that the safeguard measures proposed by the finance minister are enough. Our discussions with ESOs as late as last night have shown that there will be a great amount of concern regarding this legislation. The finance minister should not misrepresent what the ESOs have said and should not claim that they have agreed to his amendments—because, simply put, they have not. The reality is that fundamental deficiencies remain with this legislation, and the coalition will not be supporting these bills in their current form.

The DEPUTY SPEAKER (Mr S Sidebottom)—Thank you for your contribution. I point out to the member for Paterson that, as much as I would be honoured to be elected to be the Speaker of this great chamber, I am in fact only a lowly Deputy Speaker. Thank you!

Mr GRIFFIN (Bruce—Minister for Veterans' Affairs and Minister for Defence Personnel) (12.28 pm)—Mr lowly Deputy Speaker, humble as you are, I have known you for a long time and a fine Deputy Speaker you are. The Governance of Australian Government Superannuation Schemes Bill 2010 and related legislation is legislation that ought to be supported. It ought to be supported by the entire parliament and it ought to be supported across the defence community, because it is actually in the interests of those it seeks to represent. It is in the interests, overwhelmingly, of those who are superannuation scheme members, particularly in the military sector, and it is overwhelmingly in the interests of the government of this nation, the governance of these schemes and the performance of these schemes with respect to those for whom they seek to provide support.

There are some things we can agree on with the member for Paterson. He made mention of the fact that there has been misrepresentation going on. I agree, but I think the agreement stops there, because there is then the question of who has been doing the misrepresenting. In the context of superannuation, a lot of that misrepresentation has in fact been by the coalition in terms of misinterpreting commitments made by this government and acted upon by this government in government and also about the way this debate has developed in the broader community. I will pick up on a couple of points he made as I go through. I will not go to the detail of the amendments, because the member for Paterson outlined some of the key components and we will be dealing with the detail of those amendments in the consideration in detail stage.

As a starting point I will pick up on the issue of consultation. Firstly, and I will make it very clear, I apologise—and I have apologised publicly—to the ex-service community for the way that consultation on this bill initially occurred: it was not sufficient. In fact, it should have been better and there is absolutely no doubt about that. However, having said that—and I will make this point in more detail in a second—when this legislation was explained to members of the ex-service community at the Ex-Service Organisation Round Table, at which some 13 national ESOs were represented, one particular member there described the changes as a 'no-brainer'. So, frankly, one of the reasons why there was not consultation to the degree that people have sought on this bill and on the aspects of the bill that have been up for discussion is that it just makes sense—that is, the changes that need to be made to the governance of superannuation schemes that we are here to deal with today.

The opposition have tried to separate out issues and say, 'We're happy with the good things in terms of the increased performance of investments—we think that's all fine—but what we want you to do is throw the rest out and just concentrate on that,' without, I think, taking into account the fact that that does not get you the reforms you need to ensure you have a modern and viable superannuation scheme in place for the ex-service community and the serving service community into the future. I, of course, will concentrate my comments on the military because that is where my responsibilities lie and that is where the concerns have been raised about the operation of the system.

Having made a mistake with the consultation—and I accept that—we took action. We pulled the bills to allow discussions to occur. We went out and started talking to people. I want to particularly thank Ken Doolan, the National President of the RSL, who was the first person to raise with me the concerns the ex-service community had about elements of this legislation. I want to thank him for his constructive involvement as

we considered the amendments and tried to work on a way through some of these issues.

Those ex-service organisations and, overwhelmingly, those individuals who have expressed concerns about this legislation frequently used the term 'symbolic'. They say there are symbolic issues here which go to the issue of how military service should be treated. Many of those people have said to me that in fact it is symbolic. The point about symbolism is that it is often very important, and I understand why. But it is symbolic and in that context it does not go to the central question of how these systems will operate and the sorts of benefits they will deliver to those who are members of these schemes.

Following the concerns that were raised, the government launched itself into a consultative process to ensure we got the views of the ex-service community. There were several things that were done. They were individual discussions with some of the ESOs that have been mentioned about what their concerns were, to endeavour to find a way through to ensure that those concerns were accommodated in the final version of the legislation that is before us today. There was also a discussion around these issues and a briefing of the Prime Ministerial Advisory Council on Ex-Service Matters, which is made up of a range of representatives selected from across the nation to represent to the government issues of concern within the ex-service community.

As mentioned by the member for Paterson, there was also a discussion at the Ex-Service Organisation Round Table, or ESO Round Table, which is another consultative mechanism that this government has for dealing with issues within the ex-service community. I might add that it is one of the consultative mechanisms this government has in place, because when the opposition were in government they never had anything like it to provide the same sort of feedback because they did not want to know. They did not want to know what those organisations thought or cared about. In the briefing that occurred at the ESO Round Table, there was a wide-ranging discussion, and a couple of the points—and I will pick up on what the member for Paterson said—need to be made very clear. Apart from comments like, 'This is a no-brainer,' there were concerns expressed by particular organisations. At the conclusion of that discussion, I said—and I know I said it; I was there—very clearly to those present that any organisation there that had concerns and wished to consider the matter further should contact the adviser responsible in the minister for finance's office to discuss those concerns and that we would happily give them several weeks to provide us with the details and sorts of concerns that they believed should be dealt with in any amendment process. So what we have heard about what occurred at that meeting is a canard; it is rubbish. The assertion that that was the full story is wrong.

I inform the House that, of those 13 ex-service organisations that were represented, three of them felt the need to come back and make representations to the government about the concerns that they had and seek amendments to address those concerns—three out of 13. They were: the DFWA, as has been mentioned; the AVADSC, the Australian Veterans and Defence Services Council; and the RSL. They were the three organisations. I suspect it will be argued that several other organisations may have tasked one of these organisations with conveying their concerns. I can say to the House that, from the discussions I have had with many of those people in the time since, they certainly believed that following those briefings and their consideration of the details they felt much more comfortable about going forward.

As I said, three came forward—three—to say, 'We want to put forward more views about what should be dealt with here,' and, overwhelmingly, the concerns that those three organisations raised have been addressed in these amendments. It is fair to say that in terms of the DFWA I suspect that not all their concerns have been addressed, but I can say that the concerns of the RSL have been addressed, as I believe also have been the concerns, as far as they can be, of the Australian Veterans and Defence Services Council. The other 10 organisations represented at that ESO Round Table did not even feel a need to come forward with further details with respect to what needs to be done.

The changes being proposed through these amendments address those sorts of concerns. Much has been made by the shadow minister, and I know will be made by other members on the other side, about that question of uniqueness of military service. I agree with the concept of the uniqueness of military service. I had the privilege of speaking at a DFWA seminar last year which was related to that very issue. The point I made at that time—and it is a point that I will make today—is that I frankly and genuinely believe that the concept of the uniqueness of military service is accepted and agreed across this chamber. The question is: what do you get for it? What are the particular conditions and aspects that need to be taken into account, and to what degree, to ensure that we fully recognise, fully compensate and fully honour that uniqueness of service?

I think the arguments from the other side continually coming back to those particular points are, frankly, rhetoric rather than questions of actual detail. I will use a couple of examples, given the way this debate has developed under the comments from the member for Paterson. He quoted from our policy, Labor's Plan for Defence, at the last election, and again I will quote that policy. It said:

A Rudd Labor Government will maintain a generous military superannuation system, in recognition of the importance of the ADF and the immense responsibility placed on personnel in securing and defending Australia.

There is a key word there—'maintain'. Is the system of military superannuation as it currently stands the same as it was under the previous government? Yes, it is. We have maintained it. When those on the other side now say that it needs to be changed, I guess the questions are: in what way, how do they intend to do it, and why didn't they do it over 10 years? What may well then be raised is the fact that of course they had a review. They did have a review, and I had a bit to say about that review at the time. Frankly, those on the other side have on occasions endeavoured to verbal me about the policy document and what it says in respect of some of these matters.

They had the Podger review into military superannuation and it reported to the then minister in July 2007. The circumstances then were that it was hidden from public gaze. It is fair enough to say that quite often with a substantive report the circumstances are that a government will want to consider it before they release it and then release their response at the same time. But, frankly, this particular report was causing quite a bit of concern within the ex-service and military communities. We did not know what was in it and the circumstances were that we were heading up to an election. I called for the report to be released. I acknowledged that there might not be sufficient time for a substantive government response but my view was that it ought to be released so that people would be aware of what was under consideration. They would have the opportunity to consider what those recommendations were and to provide a view to government about whether that was the way to go forward. In those circumstances, in the lead-up to an election, that is the least that the government of the day could do. But, no, the previous government sat on the report. It refused to release it. It held off until they got into the caretaker period and then that was the end of it.

We made a commitment to release it within a month of becoming the government and to consult publicly about the detail of that report. And that is what we did. We released it publicly on 24 December, I think, just short of the month, and we then set out a process under the then Minister for Defence Science and Personnel, the member for Lingiari, Warren Snowdon, to consult with the broader ex-service community and the military community about whether the recommendations from Podger were the way they thought superannuation should go. Do you know what? Minister Snowdon conducted that consultation and review, and the overwhelming response through that consultation process was that the military community and the ex-services community did not want Podger because the changes involved were not in line with what they saw as the best way to maintain the uniqueness of military service and a proper beneficial system for military superannuants into the future.

That produced a problem for this government. We had a report from the previous government outlining a set of recommendations which clearly, once we consulted, the community did not want. And, frankly, we have been struggling with that issue ever since. I guess my question to the other side is: are you going to do Podger? Is that what you think we should be doing? Frankly, those recommendations did not maintain the sort of beneficial system that you say we should have. Some of the organisations you have talked about—and I mention the DFWA in particular—made it very, very clear to us that they did not want Podger. In fact when I raised this point at that ESO Round Table just the other month, the national president of the DFWA made it very clear that they did not want us to act on Podger.

So there is a point there. When I talked back then about the need to clarify the situation around military superannuation, I made very clear that it was about the intentions of the then government around the changes they were going to make. It was particularly on the issue of where their secret report was, what they intended to do with it, and why they had not released it. Surely, if they were going to be fair dinkum with the defence community, they would have that information out there. They did not. They were not interested in ensuring that there was consultation then.

I want to pick up on a couple of other points about that. Quite often what is being said about the government's position in this area uses selective quotations out of the policy documents that we had at that time. In fact, words have been used based on a heading in our policy document on veterans' affairs which talks about 'restoring the value of compensation entitlements'. But there was not just a heading; there was a series of commitments that were outlined and then spelt out very, very clearly. One of the things that I was continually being told was that the ex-service community and the defence community were worried about what was not said. Well, we said what we would do, we made it very specific and, frankly, we have actually implemented overwhelmingly the commitments that we made. But we did not commit to changing the indexation methodology around the question of military superannuation, and neither did the previous government. The difference is that we said we would have a look at it and would review it; the previous government refused to, for over a decade. But now, apparently, in opposition—and as with so many issues—all of a sudden they think that maybe they have some ideas in this area and maybe there is something they can do. There have been recent comments made by the opposition. I quote the member for Paterson from *Hansard* on 24 May:

… I want to assure that the veteran community that the coalition remains committed to introducing a fair, equitable, financially responsible military superannuation system and that we will pursue these reforms when in government …

I say to the opposition: you remain committed to it, you are clearly making it clear there that you expect changes to be made, and yet when you were in government you did not. You commissioned a report, which you then refused to release. Then we released the report and consulted with the ex-service community, and they do not want it. So what are you really saying you are committed to?

The Leader of the Opposition, the member for Warringah, made comments on this issue in a recent speech, on 23 April, when he said:

The Government has also reneged on its commitment before the 2007 election to restore the value of military superannuation by rectifying indexation arrangements.

No such commitment was made. Once again, it is Phony Tony off on another sound bite. He then said, in the same speech:

… it will be important to tackle this issue as soon as the budget is back in surplus.

I could go on about 'gospel truth' and the issue about prepared remarks and all of that. But what I would say about that is: if they were not prepared to act on this issue over a 10-year period with a series of surpluses that were records, why would anyone think they would act upon it some time in the future when they may be back in government again and may be in the situation of having a surplus to deal with?

The bottom line is that their record in government is not that long ago—a matter of less than three years—and their record in government is very clear. I note the member for Herbert has come into the chamber. He is a recent convert—publicly at least—on the question of the indexation issue. I also know he has quoted from a press release of mine when he has talked about this issue and publicly circulated documentation. Of course, if he had read the full press release he would know it does not relate to the issue as he maintained at the time—and he knows that because it has been raised with him from other sources. In those circumstances, he ought to think about what he has to say when he gets chance to speak.

These bills are important. They deliver significant benefits to the ex-service community and to serving personnel, particularly those who are members of the MSBS. The actuarial service provider Mercer has considered the potential improved net investment return as a result of merging these funds. On the estimations, we are talking about significant differences for individuals. In certain circumstances, depending on their time in and their rank, it can be as much as $20,000 to $50,000 for quite a few. For some at very senior ranks after very long careers, on normal investment estimations it can be up to as much as $200,000. These bills should be passed. *(Time expired)*

Mr LINDSAY (Herbert) (12.49 pm)—The members of the Australian Defence Force are becoming increasingly concerned and increasingly cynical about the current government's approach to and support for the Australian Defence Force. There was a commitment at the last election that the government would not cut funding for defence. As with so many other issues that we see with the government, what they say before an election and what actually happens in practice are two different things. On the last list that I saw there were 47 broken promises of the Rudd government. The community is waking up and finally beginning to understand that what they saw at the last election was not what they got. It is very concerning indeed.

Members of the Defence Force are no different, because a promise not to cut the defence budget in real terms has resulted on the ground in cuts all over the place. The defence community is saying, 'How could this be?' Of course, it is related to the strategic review program, which is to make $20 billion worth of cuts over the next 10 years. We have seen this very recently in the cuts in things like training days for reserves. There have been cuts of 50 per cent for reserve soldiers' training days. Reserves form a very significant part of our operational deployments these days. We cannot go overseas without having reservists fill places in the system. We depend on them, so their training must be up to scratch. But you cannot have that if you cut the training days. We also heard questions of Defence in Senate estimates this week about family reunion travel, which particularly applies to soldiers in Townsville and Darwin. They have an entitlement to a number of trips to return south to their homes to reengage with their families. The suggestion was put to the CDF that this entitlement was going to be removed. Surprise, surprise—the CDF said no, there had been no move to do that, but then a public servant told estimates that a committee under General Craig Orme was already looking at this. You do not establish a committee if you do not intend to come up with a recommendation to actually make cuts.

I am saying to the parliament that the soldiers in 1 Brigade and 3 Brigade would be extraordinarily angry if Defence tried to make any changes to the family reunion travel entitlement that they currently enjoy. You will say this is not related to the bill, so why have I said it? It is because it underlines how you cannot actually trust what the government says. This is a bill to amalgamate a number of Australian government superannuation schemes, and of course two defence super schemes are involved. I remain deeply suspicious about what this means for those who will be the beneficiaries of these superannuation schemes.

The coalition cannot support the Governance of Australian Government Superannuation Schemes Bill 2010 as it is presented today. Merging of all of the civil and military boards into one Commonwealth super corporation will have a negative impact on how military superannuation schemes are administered. I can tell you that the veterans out there, when they heard of this proposal, went berserk. They could see a takeover of their schemes by people not related to the military who did not understand the nature of military service. Certainly in Townsville there is universal rejection of what the government is proposing in this respect in this bill today.

The defence community want a separate board to be responsible for military superannuation. We certainly heard this in their submissions to the Senate inquiry on this bill conducted by the Senate Standing Committee on Finance and Public Administration. I note that the Australian Veterans and Defence Services Council Incorporated said:

> What is happening to military superannuation amounts to a scaling back of conditions of service to conform to what is provided in civilian employment.
>
> … … …
>
> The merger of military superannuation boards with civilian superannuation boards are seen to submerge Defence Force interests in a culture that would have difficulty in accepting the circumstances of military life in the structure of conditions of service.

Of course, the Defence Welfare Association, led by David Jamison, also has serious problems with this bill. They gave the same evidence to the Senate committee.

Specifically, the board of the new corporation will be made up of 10 people, five of whom will be appointed by the minister for finance, three by the President of the Australian Council of Trade Unions and only two by the Chief of the Defence Force. As soon as you see the Australian Council of Trade Unions on the board of military superannuation schemes, it rings alarm bells. People on the board of a military superannuation scheme should be military people and the like or professional people who have the expertise in relation to the management of superannuation schemes. The veterans community and members of the ADF will not accept this proposal from the government. We firmly believe that clauses 16(5) and 16(6) should be removed from the legislation. We will not support the bill as it stands with the provisions requiring the consent of the President of the ACTU to remove a director.

Additionally, the coalition feels that important amendments need to be made to ensure that those covered by military superannuation schemes are not disadvantaged. These changes include having separate civilian and military boards. A military superannuation board can include the Military Superannuation and Benefits Scheme, the Defence Force Retirements and Death Benefit Scheme and the Defence Force retirement benefits schemes. The military superannuation board would have control of all of the matters of governance relating to military superannuation. A person would not be able to serve as a director on the board of the civilian and military schemes at the same time; however, the boards would have the same chairperson.

I want to make it clear in representing Australia's largest military base, in Townsville, and RAAF Townsville and the veterans in Townsville that they and I will not accept the proposals being put up to the parliament today by the government, and I will vote accordingly. I thank the parliament for the opportunity to make this contribution and to make the feelings of my electors known in no uncertain terms.

Mrs MARKUS (Greenway) (12.57 pm)—I rise to speak on the Governance of Australian Government Superannuation Schemes Bill 2010 and associated bills, which seek to amalgamate the management of Australia's military and civilian superannuation schemes into one new authority, the Commonwealth Superannuation Corporation. At the outset I would like to indicate my and the coalition's opposition to these bills. I commend the words of the shadow minister for superannuation and the shadow minister for defence personnel, the members for Cowper and Paterson respectively, in this debate so far.

In February this year the Rudd Labor government introduced legislation to merge the management of the boards of six superannuation authorities into one new super authority, the Commonwealth Superannuation Corporation. The CSC is to be managed by a 10-person board comprising five nominees of the minister for finance; three nominees of the President of the Australian Council of Trade Unions, the ACTU; and two nominees of the Chief of the Defence Force. Already the government has announced the preferred choice of the CDF for his nominees on the board as well as the proposed chair of the 10-person board.

One of the characteristics of the way this issue has been handled is the lack of consultation initially between the government and the ex-service community. At the time of the tabling of these bills, not one of the leaders of the major ex-service organisations had spoken to the government about the reforms proposed in these bills. It was only after the coalition applied pressure to the government that an inquiry was held by the Senate Finance and Public Administration Legislation Committee into the measures proposed. During the short Senate inquiry, some 197 submissions were received from ex-service and veteran organisations and individuals, the majority of which strongly opposed the proposed reforms. Most of the submissions highlighted the unique nature of military service. Service in the military is indeed unique and both sides of the House

support this concept. It is reflected in the fact that military superannuation has always been separately managed and legislated for.

There are currently two superannuation management boards: the Defence Retirement and Death Benefits Authority and the Military Superannuation and Benefits Board. Together with the Australian Reward Investment Authority, ARIA, which manages civilian public service superannuation, these three boards are scheduled to merge into one new authority. The merging of the military and civilian superannuation boards will forever blur the distinction which exists currently and in the past that defence service is unique service. Military service is unlike any other service in our nation.

The government argues that the consolidation of trustee arrangements is aimed at strengthening governance and providing opportunities for increased efficiency in trustee operations, yet there is no evidence that there will be any improvement provided under the merger proposed by the Rudd Labor government. After tabling the legislation in February, the government began what it called 'consultations' with the ex-service community. At an ex-service roundtable, the government warmed—we are told—to the concept of making some amendments which the ex-service community would find agreeable. I am informed that both parties departed reasonably pleased, with the ex-service community of the view that it would receive some concessions from the government at the very least over the way the boards were constituted. This week, however, the government indicated it would make only minor amendments to the bills, simply legislating for consultation in the way nominees are appointed to the board. While the increased level of consultation is a first step, it does not deal with some of the more fundamental issues associated with the bill.

This bill legislates a powerful role for the President of the ACTU in the management of future superannuation liabilities for Australia's civilian and military superannuants. Under these rules, it will be the President of the ACTU who will have the final say on the appointment of three of the 10 board members on the new board. The three ACTU nominees will be unable to be sacked for poor performance by the Minister for Finance and Deregulation unless the President of the ACTU agrees. It seems the President of the ACTU will have an almost greater say than the minister in how the board is run, especially given at least one of the ACTU nominated board members is required to be in attendance at all times for a quorum to be present. The only guarantee that defence superannuants have in their superannuation being managed with someone with even a sliver of prior knowledge of the unique nature of military superannuation is a requirement that at least one of the two defence nominees is present at any meeting which determines matters about defence superannuants.

There is little protection in reality for defence interests when just one defence representative goes up against three trade unionists. The coalition is determined to be the voice for the veteran and ex-service community on these bills. The sheer number of submissions from the ex-service and veteran community opposing these bills only confirmed our resolve to oppose these bills. With the government indicating that they are not prepared to negotiate and amend these bills in line with the broader wishes of the representatives of the ex-service community they say they consulted with, the coalition will continue to stand firm.

The member for Cowper has already indicated the opposition of ex-service organisations such as the Defence Force Welfare Association and the Australian Veterans and Defence Services Council. The President of the DFWA, David Jamison, said just yesterday:

> Reference to the reviews of all ex-service organisations being canvassed at an ESO round table meeting and the purported summary of the outcomes of the discussion is somewhat disingenuous.

Mr Jamison goes on to say:

> Unfortunately, despite moving a long way from our original position of total opposition of the amalgamation of the governance structure to try to accommodate the Government's stated objectives, there has been insufficient recognition of our points in the proposed amendments for us to remove our objections to these Bills as they now stand.

The defence community is understandably very concerned about the erosion of veterans' and Defence Force personnel entitlements. In their submission to the Senate inquiry, the Defence Force Welfare Association stated:

> The special nature of military services makes it necessary for the ADF to design conditions of service that will continue to attract and retain personnel despite the hazards and hardships of military life.
>
> The need to compensate members of the ADF for the unique nature of military service through their superannuation, invalidity and death benefits as with their other conditions of service.

Further, the submission states:

> It is important to maintain that relative distinction so that people considering joining the ADF and those already serving can recognise the adequacy of their conditions, given the additional hardships and risks inherent in ADF service. A diminution in the relative value of these benefits could have adverse effects on the ADF's ability to recruit and retain the personnel it needs to fulfil its functions. This could affect the viability of the ADF workforce as a whole, which would have significant implications for the Government's ability to maintain its national security policies.

Any alleged administrative savings, indicated at $1 million over four years, or increased returns on investments are welcomed and supported by the veteran

community. Equally, ex-service leaders saw value in the pooling of funds to create higher returns for members. But some in the ex-service community wanted additional guarantees that the nature of military service would be protected in these reforms. Amending the bills to ensure consultation has not gone far enough. There is no guaranteed military superannuants subcommittee with appropriate military representation to deal with the unique nature of military claims.

The issue of military superannuation is very close to the heart of the veteran community. There are almost 180,000 veterans and current serving personnel upon whom these bills will directly impact. They are not an insignificant number of Australians.

From opposition, the only pledge that Labor made to military superannuants was:

- To restore the value of compensation and prevent further erosion due to unfair indexation.

Labor scowled at the then Howard government's refusal to release the findings of the Podger report, the *Report of the review into military superannuation arrangements*. When Minister Griffin released the report on Christmas Eve, of all days, in December 2007, he said:

The Rudd Government will provide further opportunity for public comment about the review's findings and recommendations and will consider its attitude to the report after the consultation period, which concludes on 31 March.

The minister did not say which year that 31 March would be—2008, 2009, 2010 or 2011. Incidentally, the last update of the webpage which refers to the review was on 1 April 2008; the last review of the website was 19 June 2009. We are all left wondering: what is the outcome?

The Podger review was an extensive examination of the military superannuation arrangements in this country. The previous coalition government commissioned the review. At the outset, the review's terms of reference stated:

Two interconnected principles should guide the conduct of the Review of Military Superannuation Arrangements and form the philosophical context within which the Terms of Reference are addressed. These are the 'unique nature of military service' and the need to compensate members of the … (ADF) for that uniqueness in their superannuation, invalidity and death benefits, as with other conditions of service, thereby ensuring that joining and staying in the ADF remain attractive propositions.

With this guiding principle in mind, the report made a number of recommendations. Recommendation 9 stands out, particularly in the context of what we are discussing today. Recommendation 9 says, inter alia:

A single governance structure should be put in place for the DFRDB and MSBS … along the following lines:

… … …

b. There should be a seven member board of trustees comprising two employee representatives, two employer representatives and three independent representatives, including the chairperson.

c. A committee structure is to be determined by the Board to assist with … the Board's responsibilities for the DFRDB, MSBS …

Podger goes on to say on page 45 of his report:

For military superannuation … the board needs a blend of experience and knowledge to best serve the military environment, including understanding the unique nature of military service. Therefore, a central consideration of the Review Team is to ensure military superannuation trustees collectively have the legislated skills, knowledge and abilities, as well as an appropriate knowledge of members, ex-members and Defence interests. This, combined with increasing training and development requirements, suggests there are advantages and efficiencies to be gained in forming a single board of trustees with responsibilities for all military superannuation schemes.

Further, he states:

… a unique feature of military service is the denial of the right to belong to a union.

To overcome this, Podger recommended that the Chief of the Defence Force appoint two employee trustees. The report says:

The Head of Defence's Personnel Executive is best placed to nominate trustees with appropriate skills and experience and knowledge of issues impacting Defence—

with the Minister for Defence appointing the two remaining trustees and the chairperson. Podger says nothing about the ACTU being involved with military super. Further, Podger noted that the Uhrig review's best practice principles noted that board composition should comprise between six and nine members. This board has 10 members plus a chair. Podger's proposal was seven including the chair.

Here we have a review specifically conducted to consider the unique nature of military superannuation. Andrew Podger's review is probably the most comprehensive and contemporary analysis we have of the issues confronting serving and former ADF members. It makes more sweeping recommendations, which the Rudd Labor government has not responded to, including the establishment of a new military superannuation scheme which would be independently managed in the manner described earlier. Labor's response to military superannuation appears to be the Matthews review. The veteran community is deeply concerned about the findings of the Matthews review and the decision of the Rudd Labor government to largely adopt Trevor Matthews's findings as they relate to military super.

Superannuation is an issue of great importance to all Australians, and particularly to those in the Australian defence forces. Again referring to the Podger review, at least two in five of all serving Defence personnel believe that military superannuation arrangements influ-

ence their decision to remain in the ADF at least partially. This is a powerful reason to maintain an appropriate level of Defence Force influence in the management of defence superannuation. If the Rudd Labor government are using this bill as a means of avoiding making other tough decisions for military superannuants, I fear they will face very stiff opposition indeed from the veteran community. The coalition does not support the inclusion of ACTU appointed delegates on a board managing civilian, and particularly military, superannuation. We will oppose these measures in the House of Representatives.

In conclusion, I extend my thanks to the leaders of the ex-service community who strongly encouraged participation by their members in the Senate inquiry—in particular, the leadership of the DFWA in explaining their opposition to the bills and coming before the Senate committee. Our ex-service community is well served by the leaders who represent them. It is disappointing that the Rudd Labor government picks and chooses when to listen to them and take them into its confidence. It seems that, just as with the resource super profits tax, which involves postannouncement consultation and $38 million in after-the-fact taxpayer funded advertising, the Rudd Labor government is unable to appropriately consult with key stakeholders to negotiate a mutually beneficial outcome for all concerned. The amendments proposed by the government to these bills do not go far enough. Had the government's amendments responded more fully to the concerns of all in the ex-service community, debate today might have taken on a different flavour.

Once again I indicate my opposition to these bills. I call on those members and senators who believe that military service is unique to similarly oppose these bills. The Rudd Labor government has provided no justification for the measures in these bills. They have not consulted widely enough with the ex-service community on these bills other than a bit of shadow-boxing around the edges. After the release of the proposed amendments this week, the coalition asked the ex-service community for their views. They remain concerned about the bills even in their amended format. On this basis and in support of our original view, the coalition will stand up for veterans and oppose these bills.

Mr ROBERT (Fadden) (1.15 pm)—I rise to speak on the Governance of Australian Government Superannuation Schemes Bill 2010, which is being debated cognately with the ComSuper Bill 2010 and the Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2010, and to not lend my support to the bill. These bills seek to establish a single trustee board responsible for the bulk of government superannuation schemes. The new entity will be called the Commonwealth Superannuation Corporation, the CSC. It will assume, under this legislation, responsibility for the following schemes: the 1922 scheme established under the Superannuation Act; the Commonwealth Superannuation Scheme, the CSS; the Public Sector Superannuation Scheme, the PSS; the Public Sector Superannuation Accumulation Plan, the PSSap; the scheme provided for under the Papua New Guinea (Staffing Assistance) Act; the Military Superannuation and Benefits Scheme, the MSBS; the Defence Force Retirement and Death Benefits Scheme, the DFRDBS; and the Defence Force Retirement Benefits Scheme, the DFRBS. The ComSuper Bill establishes ComSuper as a prescribed agency under the Financial Management and Accountability Act and as a statutory agency under the Public Service Act 1999.

The core of the issue is the amalgamation of all Commonwealth civilian and military superannuation boards. The government would have us believe that the merger is intended to provide administrative efficiencies as well as secure financial gains through the amalgamation of all investment funds. On the surface it sounds fine, perhaps even laudable. The government says, although without any supporting documentation, that an additional $10 million per annum will be earned by the funds due to the type and size of the amalgamated investments. The total amount of investment is approximately $19 billion. This includes approximately $16 billion from the Australian Reward Investment Alliance, the trustee for CSS, PSS and PSSap, and $3 billion in funds managed by MSBS. The DFRDB, DFRB, 1922 and PNG schemes are essentially not funded and are paid out of consolidated revenue.

I contend that there are two fundamental issues that will stop this bill being supported. Firstly, this is not about efficiency but about control, notably ACTU control. Secondly, this will not assist military members. There is nothing in this bill that will substantiate the assistance to military members and veterans. In relation to the first issue, that of control, the bill contains certain regulations relating to the constitution of the CSC Board. These regulations are unacceptable. There is a 10-person board, plus a chair, consisting of five directors appointed by the Minister for Finance and Deregulation, three appointed by the ACTU—odd, since military members are not allowed to be part of a union—and only two appointed by the Chief of the Defence Force. We believe strongly that the composition of this board will not advantage military members. Only 20 per cent of the board, excluding the chairman, are actually representatives of the military, and 33 per cent of the board come from the Australian Council of Trade Unions. It is worth noting that the veteran community believe, for the most part, that the CSC Board should include a suitably qualified representative from the ex-service community, and this recommendation from the veterans community has merit.

In addition to the above, under clause 16(5), any of the three directors appointed by the President of the ACTU cannot be dismissed by the minister for finance unless the President of the ACTU agrees. I never thought I would see the day where the minister for finance would emasculate himself by not being allowed to dismiss members of the board but having to go with a begging bowl to the President of the ACTU and say, 'Please, sir, may I have some more?' to dismiss incompetent directors, noting there are reasons whereby the President of the ACTU cannot disagree. One has to ask about the legitimacy of the legal advice the minister for finance has got, because there are specifications in the Corporations Act 2001 which govern the removal of directors and there are areas under the act where directors would have to be removed that are not reflected in clause 16(5). There may well be areas where a director has become bankrupt or insolvent or there may be some other area where the Corporations Act may require their dismissal, but clause 16(5) does not actually allow that. The minister for finance would have to go begging to the union master to say, 'Please, sir, could we have them removed?' I note that similar provisions apply to directors who are appointed by the CDF under clause 16(6). The issue is that five members of the board cannot be removed by the minister for finance unless he gets permission for the removal of three of them from the President of the ACTU and for two of them from the CDF.

The coalition believes that the amalgamation of civilian and military Commonwealth superannuation boards will not have a positive effect on the future administration of military superannuation schemes. The Defence Force Welfare Association and the vast majority of those members of the Defence Force and the veteran community who I have spoken to share that view. The DFWA has said, 'Unique service requires unique solutions, not ones which further blur the distinction between the uniqueness of military service and civilian norms.' It is true that military life is a unique life. It is a unique form of service. Bundling all of their superannuation and some of the unique requirements of that into all of Commonwealth government superannuation does not reflect that at all. I would have thought that the Rudd Labor government, under their 2007 election manifesto, would have got this. They said that they would 'maintain a generous military superannuation system, in recognition of the importance of the ADF and the immense responsibility placed on personnel in securing and defending Australia'. I fail to see how lumping them in with every other public servant maintains something and recognises that importance and immense responsibility. I can only suggest from this bill and looking at the 2007 budget manifesto that the Labor Party got its verbs confused.

I believe the member for Paterson, on behalf of the coalition and on behalf of many in the veteran community, met with the Minister for Finance and Deregulation regarding these bills. I believe what resulted was a commitment by the government to ensure that the amended legislation contains strengthened provisions for consultation. I am led to believe that the proposed consultation outlined in that discussion includes the requirements for the CDF to consult with relevant organisations on the appointment, for the minister for finance to consult with the defence minister on appointing the five employer representatives and for the minister for finance to consult with the defence minister on the appointment of the ComSuper CEO. Quorums on matters relating to the interests of military members are to include one CDF nominated director and decisions made by the board are to include one CDF appointed director when the issue relates to interests of military members.

There seems to be no mention at all there of the composition of the board—no mention of the three ACTU appointed directors. There is no mention of how only the President of the ACTU can dismiss an ACTU appointed director. There is no mention of any other issues the member for Paterson raised with the minister for finance.

In light of the intransigence of the finance minister to address the composition of the board, his inability to dismiss members of the board other than by begging the ACTU to remove them and the failure of the government to identify how military members will benefit from the amalgamation, I cannot possibly lend support to these bills.

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (1.24 pm)—in reply—It is a great disappointment that, with what is essentially an important administrative reform to improve the administration of superannuation for both civilian and military employees, the federal government is hit with loopy conspiracy theories and complete ignorance and stupidity from the opposition. I will go through the key elements in the appropriate order to indicate to the House exactly what is involved here.

The Governance of Australian Government Superannuation Schemes Bill 2010, the ComSuper Bill 2010 and the Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2010 modernise the governance arrangements for the main Commonwealth civilian and military superannuation schemes without altering the schemes or members' entitlements under the schemes. In particular, they enable the Commonwealth to deal with some problems in the existing administrative arrangements that we inherited from the previous government and that need to be addressed.

The bills were developed with the priority of maintaining the features of military superannuation that reflect the special nature of military service and that dif-

ferentiate military service from civilian employment. In further developing the package of bills the government welcomed the opportunity to hear the views of military stakeholders, particularly the ex-service community, on the proposed new governance arrangements. I wish to thank those organisations for their input.

The views of the ex-service organisations were canvassed at a roundtable and a summary of the outcomes of the discussion is as follows. The investment related benefits to military members arising from the merger were generally accepted in that there was the potential for significant benefits to Military Superannuation and Benefits Scheme members and no impact on Defence Force Retirement and Death Benefits Scheme members. It was also generally agreed that, in terms of concerns about any supposed dilution of the military voice in the merged trustee board, the protection afforded by benefits and entitlements and scheme rules that are contained in separate acts of parliament and the fact that trustees have a duty to act in the interests of all members were sufficient. There was consensus that a strong military voice did need to be maintained in the area of death, disability and reversionary spouse and children's benefits where there is discretion vested with the trustee to consider and decide on individual cases.

There were differing views expressed on the question of whether the proposed the Defence Force Case Assessment Committee should be established by statute or whether there should be flexibility, as is reflected in the bill, for the trustee board to decide whether such a committee should be established. In the end it was agreed that it was desirable to retain the existing flexibility, hence the phrase 'may establish such a board' is in the legislation.

The government has responded to the issues raised in the consultations and made a number of changes to the proposed bills that are consistent with the views put forward by the ex-service community. These include a change to the process for the Chief of the Defence Force to nominate member representatives to the governing board of the single trustee, which will provide for ongoing consultation with the ex-service community. There is now support from the military community for the merger of the boards, subject to these amendments being adopted which address some aspects of the governance arrangements but do not compromise the integrity of the reforms.

The bills do not change the existing features of military superannuation that reflect the special nature of military service. The bills complement these features while providing opportunities for members of all of the schemes, civilian and military, to benefit from better practice trustee operations and administration services and better investment returns. Implementation of these governance reforms will improve efficiency in the management of the civilian and military schemes and will allow the benefits of these improvements to be passed on to all members in the form of reduced costs and higher investment returns.

In particular, the ability of a single trustee to consolidate scheme funds will allow members of the Military Superannuation and Benefits Scheme, which comprises the bulk of serving Defence Force personnel, to gain substantial benefits from the merger. I emphasise this point for the opposition and suggest to them that they are standing in the way of military scheme members, both current and future, achieving higher levels of superannuation return. This is because of the relatively smaller size of the existing military scheme compared with the civilian schemes. When they are pooled, it is anticipated that investment returns will be higher in the pooled funding arrangements than would have been the case with separate arrangements.

There is clear industry experience that members of smaller superannuation schemes have the most to gain when their scheme funds are consolidated into a larger pool of funds that are typical of bigger superannuation schemes. Overall, the implementation of these bills will better secure the superannuation arrangements for Commonwealth civilian employees and military personnel for the longer term. They will also enable substantial additional benefits to flow to members while retaining the existing individual scheme benefits and entitlements. These bills are evidence of the government's ongoing commitment to providing efficient and sustainable superannuation arrangements for Commonwealth employees and military personnel, together with its strong commitment to protect those features of military superannuation that recognise that military service is unique and different from civilian employment.

The amendments that have been circulated in my name, in summary: first, require the Chief of the Defence Force to consult with relevant organisations on the appointment of two military member representatives; second, require the minister for finance to consult with the relevant defence minister on the appointment of the five employer representatives to the board; third, require the minister for finance to consult with the relevant defence minister on the appointment of the CEO of ComSuper; fourth, ensure that the quorum requirement includes at least one nominee director from the Chief of the Defence Force, when a matter before the board relates specifically to the interests of military members; fifth, ensure that any decisions taken by the board must include at least one Chief of the Defence Force nominee when the decision relates specifically to the interests of military members; and, six, require that the Chair of the Defence Case Assessment Committee be one of the Chief of the Defence Force's nominee directors.

I will conclude with two things. One is by giving a couple of illustrations that the opposition may want to think very carefully about—that is, advice from my department about the likely beneficial impact of longer term superannuation returns arising from this merger that will flow to new military members. A new MSBS member, under the new arrangements, who joins the Air Force at 18-years-old as an officer cadet, and retires at the rank of group captain after serving 37 years, would be expected to have approximately $95,000 additional superannuation. A new MSBS member, under the new arrangements, who joins the Army at age 21 as an officer cadet, and retires at the rank of colonel after serving 34 years, would be expected to have approximately an additional superannuation payment of more than $60,000. And a new MSBS member, under the new arrangements, who joins the Navy at age 18 as a seaman and retires as a warrant officer after serving 37 years, would be expected to have an additional superannuation payout of approximately $70,000.

Can I respond to the points raised by the member for Paterson and echoed by one or two of the other opposition speakers. First, the suggestion that was put to me by the member for Paterson with respect to the prospect of continuing two separate boards but with some kind of pooled arrangement for investment. Contrary to the suggestions of some, we did actually explore this proposition very seriously and did examine it very closely. That did indicate that, although there would be some benefits as compared with the status quo from this approach, the new approach would be costly to establish and administer, there would still be duplication of some operational costs and there would be some degree of loss of prospective benefits to members. In other words, it would be an inferior outcome compared with the government's proposals. There would be increased costs to civilian schemes if this approach were taken compared with current arrangements. We know that the opposition hates public servants, but this is a matter that the government does have to take into account. It would not be possible for trustees to agree to this arrangement on behalf of their existing members and fulfil their obligations to members. Where similar arrangements have been tried in the private sector they have given rise to significant practical difficulties, including the relationship between the two boards that are connected through their investment activities, and that can come as a cost to members.

Finally, I will refer to the loopy paranoia about the ACTU—perhaps predictable; perhaps I was giving the opposition too much credit for the possibility that they might actually treat these issues on their merits. I would remind the opposition that the role of the ACTU here is in representing hundreds of thousands of people who are employees of the Commonwealth. These are representative bodies. Not all of them are members of trade unions, but equally not all ex-service personnel are members of ex-service organisations either. The ACTU had a role in this process that existed under the former government, so there has been no substantive changes made to the role of the ACTU in nominating directors for the board. I would point out that the whole purpose of the minister for finance not being able to dismiss an employee representative, be they a military or civilian representative, is to ensure that they are genuinely representative of employees. If I, or any minister for finance, can arbitrarily dismiss somebody who was appointed there to represent employees, then they are no longer representing the people they are purported to be representing, because they are subject to my dismissal at a whim. What the opposition is failing to note is that there is piece of legislation called the Superannuation Industry (Supervision) Act, which actually provides that people who contravene the fitness and propriety standard under the SI(S) Act, who fail to comply with the material personal interest provision under the Commonwealth Authorities and Companies Act, or who are a disqualified person under the SI(S) legislation, will either not be eligible for appointment or will, if they are already appointed, have their appointment terminated—not as a matter of discretion or arbitrary whim on the part of the minister, but as a matter of existing legislation. So where there is misbehaviour there are existing provisions that ensure that that misbehaviour will be met with by termination of the appointment. For example, a person who is bankrupt would be disqualified under the existing provisions of the Superannuation Industry (Supervision) Act.

The issue here is that these bills, together with the amendments that have been adopted following consultation with the ex-service community, will strengthen the administration of the superannuation arrangements for both military and civilian personnel employed by the Commonwealth. Strengthening that administration means that the risks of problems, the risks of mistakes, the risks of damaging things that harm the interests of members of the scheme will diminish. That is a critical thing: better administration benefits members—that means people currently receiving pensions, as well as people who are currently employed by the Commonwealth and are contributing to the schemes. Even more significantly, by combining the investment pool and getting the benefits of economies of scale, those sections of the schemes that involve investment income returning to the individual members will, over the long haul, on balance, return significantly stronger returns to the individual members.

I have mentioned the examples. That is something that I would urge the opposition to think very carefully about, because the stance they are proposing to take means that they are seeking to stand in the way of military personnel getting better superannuation payouts. That is something that I would urge them to think very, very carefully about. They can scoff at that proposition,

but that is the professional advice that the government has received, and I think it is a very courageous position for the opposition to take to be seeking to prevent that from occurring. I commend the bill to the House.

Question put:

That this bill be now read a second time.

The House divided. [1.41 pm]

(The Deputy Speaker—Hon. BC Scott)

Ayes.....	76
Noes.....	54
Majority.....	22

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bidgood, J.
Bird, S.	Bowen, C.
Bradbury, D.J.	Burke, A.E.
Burke, A.S.	Butler, M.C.
Byrne, A.M.	Campbell, J.
Champion, N.	Cheeseman, D.L.
Clare, J.D.	Collins, J.M.
Combet, G.	Crean, S.F.
Danby, M.	Debus, B.
Dreyfus, M.A.	Elliot, J.
Ellis, A.L.	Ellis, K.
Emerson, C.A.	Ferguson, L.D.T.
Ferguson, M.J.	Fitzgibbon, J.A.
Garrett, P.	Georganas, S.
Gibbons, S.W.	Gray, G.
Grierson, S.J.	Griffin, A.P.
Hall, J.G. *	Hayes, C.P. *
Irwin, J.	Jackson, S.M.
Kelly, M.J.	Kerr, D.J.C.
King, C.F.	Livermore, K.F.
Macklin, J.L.	Marles, R.D.
McClelland, R.B.	McKew, M.
McMullan, R.F.	Melham, D.
Murphy, J.	Neal, B.J.
O'Connor, B.P.	Owens, J.
Parke, M.	Perrett, G.D.
Plibersek, T.	Price, L.R.S.
Raguse, B.B.	Rea, K.M.
Ripoll, B.F.	Rishworth, A.L.
Roxon, N.L.	Saffin, J.A.
Sidebottom, S.	Smith, S.F.
Snowdon, W.E.	Sullivan, J.
Swan, W.M.	Symon, M.
Tanner, L.	Thomson, C.
Thomson, K.J.	Trevor, C.
Turnour, J.P.	Vamvakinou, M.
Windsor, A.H.C.	Zappia, A.

NOES

Andrews, K.J.	Bailey, F.E.
Baldwin, R.C.	Billson, B.F.
Bishop, B.K.	Bishop, J.I.
Briggs, J.E.	Broadbent, R.
Chester, D.	Ciobo, S.M.
Cobb, J.K.	Coulton, M.
Dutton, P.C.	Farmer, P.F.
Fletcher, P.	Gash, J.
Georgiou, P.	Haase, B.W.
Hartsuyker, L.	Hawke, A.
Hawker, D.P.M.	Hockey, J.B.
Hunt, G.A.	Irons, S.J.
Jensen, D.	Keenan, M.
Laming, A.	Ley, S.P.
Lindsay, P.J.	Macfarlane, I.E.
Marino, N.B.	Markus, L.E.
May, M.A.	Morrison, S.J.
Moylan, J.E.	Neville, P.C. *
O'Dwyer, K	Oakeshott, R.J.M.
Ramsey, R.	Randall, D.J.
Robb, A.	Robert, S.R.
Ruddock, P.M.	Schultz, A.
Secker, P.D. *	Simpkins, L.
Slipper, P.N.	Smith, A.D.H.
Somlyay, A.M.	Stone, S.N.
Truss, W.E.	Vale, D.S.
Washer, M.J.	Wood, J.

* denotes teller

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

GOVERNANCE OF AUSTRALIAN GOVERNMENT SUPERANNUATION SCHEMES BILL 2010

Consideration in Detail

Bill—by leave—taken as a whole.

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (1.52 pm)—I present a supplementary explanatory memorandum to the Governance of Australian Government Superannuation Schemes Bill 2010 . I seek leave to move government amendments (1) to (12) together.

Leave granted.

Mr TANNER—I move:

(1) Clause 3, page 2 (after line 27), after the definition of ***CSS Fund***, insert:

> ***Defence Minister*** means the Minister who administers the *Defence Act 1903*.

(2) Clause 3, page 3 (after line 16), after the definition of ***governing deed***, insert:

> ***military schemes*** means:
>
> (a) the DFRB, DFRDB or MSB; or
>
> (b) the DFRB, DFRDB and MSB.

(3) Clause 3, page 4 (lines 3 to 14), omit the definition of ***relevant organisation***, substitute:

> ***relevant organisation*** means:
>
> (a) an organisation:
>
> (i) a substantial number of whose members are members of a superannuation scheme administered by CSC or eligible employees within the meaning of the *Superannuation Act 1976*; and
>
> (ii) whose principal purpose is to protect and promote the interest of its members in matters concerning their employment; or

(b) an organisation that has as one of its principal purposes the protection and promotion of beneficiaries under a superannuation scheme administered by CSC in matters concerning their entitlements as beneficiaries.

(4) Clause 10, page 8 (line 28), after "consult with", insert "one or more".

(5) Clause 10, page 8 (after line 28), after subclause 28(4), insert:

(4A) Before nominating a person, the Chief of the Defence Force must consult with one or more relevant organisations.

(6) Clause 10, page 9 (lines 3 to 7), omit subclauses 10(6) and (7).

(7) Clause 11, page 9 (after line 23), after subclause (3), insert:

(3A) In the case of any other director, the Minister must consult the Defence Minister before making an appointment.

(8) Clause 16, page 11 (after line 27), after subclause (3), insert:

(3A) In the case of a director (other than one covered by subsections (5) to (7)), the Minister must consult the Defence Minister before terminating the appointment of the director.

(9) Clause 17, page 12 (after line 22), after subclause (2), insert:

(2A) In the case of an appointment under subsection (1), the Minister must consult the Defence Minister before appointing a person to act as a director.

(10) Clause 20, page 14 (after line 18), at the end of the clause, add:

(3) For the purposes of subsections (1) and (2), if a matter being considered, or about to be considered, at a meeting of the Board concerns only the military schemes, the quorum must include a director nominated by the Chief of the Defence Force.

(4) If an issue arises about whether a matter being considered, or about to be considered, at a meeting of the Board concerns only the military schemes, the Chair must determine the issue.

(5) A determination made under subsection (4) is not a legislative instrument.

(11) Clause 23, page 15 (lines 23 to 25), omit paragraph (1)(b), substitute:

(b) either:

(i) if the proposed decision concerns only the military schemes—all directors were informed of the proposed decision; or

(ii) in any other case—all directors were informed of the proposed decision, or reasonable efforts were made to inform all directors of the proposed decision.

Clause 35, page 26 (table item 1), omit "of that Act", substitute "of the *Defence Force Retirement and Death Benefits Act 1973*".

Mr HARTSUYKER (Cowper) (1.53 pm)—The coalition supports these amendments to the Governance of Australian Government Superannuation Schemes Bill 2010 and we thank the government for taking into account some of the concerns expressed by the veteran community. The coalition is of the view that defence service is unique and that the concerns of this very important sector of our community need to be taken into account in relation to superannuation. The amendments will require the Minister for Finance and Deregulation to consult with the Minister for Defence before nominating a person to the board. We think it is a very worthwhile amendment that the defence minister be consulted in this matter. Also, if a meeting of the board concerns only military schemes, the quorum for that board must include a director nominated by the Chief of Defence. This will ensure that a defence representative will be present on matters relating to military schemes. We also think it is a very important improvement that persons who have defence experience and knowledge will be involved in that deliberation. However, the amendments do not address concerns about the powers of the President of the ACTU over the minister for finance. The ACTU will still be able to block a meeting by holding back its three members and denying a quorum. The coalition will support these amendments in the House and will consider the legislation again in the Senate.

Mr BALDWIN (Paterson) (1.55 pm)—The speech of the Minister for Finance and Deregulation earlier that the coalition's opposition to these measures in the Governance of Australian Government Superannuation Schemes Bill 2010 would not deliver the same amount of return to those that are paid from these funds is factually incorrect. The $16 billion that is held by the Commonwealth Superannuation Scheme and the $3 billion that is held by the MSBS will be put together to tender for financial administration, with the successful tender looking at where the best investment opportunities are. It will not be the board—whether it be one board or two boards—that will be making individual investment decisions. These investment decisions will be made by the people who, through the application in the tender and proving they are the best qualified, will administer the money.

The minister has said that unless there is this amalgamation, this consolidation, into one board there will be financial disadvantage. That is incorrect, because the money, whether it is $16 billion plus $3 billion or $19 billion as one parcel of money put out to tender, is still the same amount of money. Those returns will be divided back to the appropriate bodies. What we are saying and what we maintain is that there is a uniqueness in military service, which seems to be failed to be recognised by this government. This service needs to be recognised by two separate complete boards. As I said earlier in discussions with the minister, you can

consolidate all of the defence boards—the MSBS, the DFRDB and the DFRB into one board—for administration purposes. Remember that the DFRDB and DFRB have no funds. They are unfunded superannuation liabilities. They can be brought together, consolidated, whereby our veteran community and our current serving defence community can have a direct say because they have control of their board. They have control of their affairs.

The minister has alluded to administration costs. We fail to see that there will be any huge increase in administration costs if all of the defence boards are consolidated into one. In fact, there will be a reduction. What the coalition opposes is the idea of it all being put together where defence people lose out—and they will lose out under these arrangements being proposed by the government. This is the government who talks about consultation and yet did not come to see us despite requests to have further discussions on this matter. The government just decided that it would send a note through the night before. The only change to this legislation is that people must consult. Consultation is not a big thing for this government, as we have witnessed. Whether it is the mining supertax or whether it is a whole raft of programs, consultation has not been one of the hallmarks of its governance.

We say to the people and we say to the defence communities that the coalition is standing by you—the coalition recognises your uniqueness of service. Most importantly, we want to make sure that the financial fortunes of those past and present serving members are preserved and preserved in a manner whereby they have a direct input. The minister is quite aware of numbers in boards and politics—that is the nature of the game. Let me put it to you this way: when you have a board that is made up of five public servants, three ACTU members and only two defence people, eight beats two every time. Therefore, to say that defence persons would have a solid representation on this board is wrong. If the minister wanted solid representation on this single board, then why are there not at least three ADF present or past members represented on the board to match the three ACTU members on the board? We cannot support the legislation. We will not oppose the amendments, but we cannot support the legislation in its present form. I said that during my speech in the second reading debate and I maintain that position right now.

The SPEAKER—Order! It being 2 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour.

MINISTERIAL ARRANGEMENTS

Mr RUDD (Griffith—Prime Minister) (2.00 pm)—I inform the House that the Treasurer will be leaving question time early today—

Opposition members—Oh!

Mr RUDD—There is great sadness over there, Joe! He will be absent as he is travelling to China and then Korea for the G20 finance ministers meeting. The Minister for Finance and Deregulation will answer questions on his behalf.

QUESTIONS WITHOUT NOTICE

Economy

Mr ABBOTT (2.00 pm)—My question is to the Prime Minister, and I ask it on behalf of the working families of Australia that he has so badly let down. Prime Minister, if the government is such a good economic manager, why are Australian families paying more for their food, more for their housing and more for their power, water, education and health than when the Prime Minister promised to ease the pressure on working families prior to the last election?

Mr RUDD—I thank the Leader of the Opposition for his question. His one script for working families is to bring back Work Choices. Our script for working families is to abolish Work Choices. That is the difference. With Work Choices, which he regards as his key mantra for the future: number one, it strips away basic working conditions for working families; number two, it undermines such things as penalty rates; and, number three, it damages a whole series of additional basic conditions which working families need to ensure that family incomes are held up. When the Leader of the Opposition stands up here in an exercise I can only describe as rancid hypocrisy on the interests of working families, I say to him two words: Work Choices.

The Leader of the Opposition referred to education. This government prior to the last election said we would bring in an education tax refund. We have brought in an education tax refund for working families with primary school kids and with secondary school kids. Secondly, we also said that for working families dealing with childcare costs we would increase the childcare rebate from 30 per cent to 50 per cent. We have increased the rebate from 30 per cent to 50 per cent. The Leader of the Opposition refers to health costs. I refer him to the government's preelection commitment to bring in a teen dental scheme. The government has brought in that very scheme, which has benefited, I am advised, some 400,000 or more across the country.

The Leader of the Opposition refers more broadly to health costs. Can I say to the Leader of the Opposition on the question of health costs and the effectiveness of the health system that what he did as health minister for five years was reach his long hand into the health budgets of the nation and take out $1 billion from the public hospital system of Australia. What he has now said, further, is that if he were elected to the office of Prime Minister at the next election he would reach his hand in again and take out nearly another billion dollars from the health system of Australia. On housing, I

thing that I know is that we had primary schools that were not designed for a modern teaching environment. Most primary schools did not have halls, for example, so assemblies and special events were held in the outdoor areas. So many primary schools have been crying out for new halls to be put in, because our curriculum today requires the provision of all sorts of activities that these sorts of multifunction learning centres are critical to.

I am a passionate supporter of libraries and the importance of modern libraries that can incorporate not only the printed information of a modern world but also online information. Indeed, it is something that I think we would be very much failing our young people in if we were not committed to it. I am very disappointed to see the opposition also attacking the digital education revolution, which is, I think, the most shortsighted thing I could possibly have heard from those opposite. The reality is that the opposition voted against the program. They do not support it. It is significant not only in the educational sense but also in its context, and that is what those opposite never want to talk about.

The member for Bradfield talked about so much money in such a short time. There is a reason for that. This is actually about intervention in the economy when private money and construction in all of our communities, including the communities of those opposite, were being withdrawn. I, like many of my colleagues I have spoken to on this side, had building companies in my local area, at that time when the global financial crisis rolled out and private building construction in our regions start to be withdrawn, ringing me saying, 'When is the government going to put these contracts out for this school building work? I have got staff I am keeping on simply waiting for these contracts. If these contracts don't come out, I'll be laying staff off.' They were the conversations I was having at the time and the critical infrastructure that we were putting into schools was a significant part of sustaining employment in regions right across the country including in my own area. I was not going to say to those building companies, 'Let's not rush this. Let's just wait and see how we can roll this out in an extended way.' The reality was that an important component of this was that it was stimulus work to underpin jobs, which it was profoundly successful in doing in all sorts of communities including mine.

So I think it is one of the more outstanding programs put in place by this government. I will passionately defend it. It is very easy on any program of this size to be critical. Let us not forget that it is a bigger school capital program than the Obama administration put in place across the whole of the US. It is a program that this country should take pride in. If you want to go and nitpick and find a few examples here and there, you can do it—of course you can. But if you have problems in schools in your area—like those in my area where people come to me with particular issues—then you get them solved. You do not destroy the whole program that has been so profoundly significant for all of our schools and for employment in all of our regions. It is a disgrace that the opposition have merely taken the opportunity to foster and build up the problems rather than resolve them and get behind supporting the program. This will be a legacy that schools will remember for generations to come, because the capital works that they will be using to transform the curriculum that they can develop and implement in their schools are invaluable. I look forward to all of those in my own area, and I would think anybody in this place would support and look forward to new facilities for schools in their area and support the impact that has on jobs for so many people in their regions. It is not a motion before us about management; this is a motion about the fact that they have consistently tried to pull down this program.

The DEPUTY SPEAKER (Ms JA Saffin)—Order! The discussion is now concluded.

HIGHER EDUCATION SUPPORT AMENDMENT (UNIVERSITY COLLEGE LONDON) BILL 2010

HEALTH PRACTITIONER REGULATION (CONSEQUENTIAL AMENDMENTS) BILL 2010

AUSTRALIAN RESEARCH COUNCIL AMENDMENT BILL 2010

ANTI-PEOPLE SMUGGLING AND OTHER MEASURES BILL 2010

FREEDOM OF INFORMATION AMENDMENT (REFORM) BILL 2010

AUSTRALIAN INFORMATION COMMISSIONER BILL 2010

THERAPEUTIC GOODS (CHARGES) AMENDMENT BILL 2010

THERAPEUTIC GOODS AMENDMENT (2009 MEASURES No. 3) BILL 2010

Assent

Messages from the Governor-General reported informing the House of assent to the bills.

GOVERNANCE OF AUSTRALIAN GOVERNMENT SUPERANNUATION SCHEMES BILL 2010

Consideration in Detail

Consideration resumed.

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (5.42 pm)—We were in detailed debate with respect to proposed government amendments (1) to 12). At this point I simply reiterate the government's position that this legislation is designed to improve the administration of government superannuation both for civilian and military personnel and, of

course, for existing and future members. I will respond at some greater length to the points raised by the opposition in detail and allow them to continue.

Mr ROBERT (Fadden) (5.42 pm)—With respect to consideration in detail, the Minister for Finance and Deregulation has hung the premise for the legislation on the coathanger that this will have increased returns for defence members. Indeed, he indicated in his address to the House that to vote against this would be to vote against increased returns for defence personnel. He then cited three examples of two officers and a warrant officer, a young apprentice coming in at age 18 and after 34 years service having something like $80,000 more super in their pocket. What I find simply astounding is that this minister can look 34 years down the track and say, 'This bill will guarantee that you are going to have an extra $80,000 in your superannuation at the end.' His modelling is so precise that his department can get it right on the head: it will have this amount of money and that is the reason why we are doing this.

This is not about ACTU control; this is not about the fact that even if there were two boards and the funds were put out to tender—notwithstanding that it is highly likely that an industry super fund would win the tender, Minister, but of course we will wait and see what the result of that is—the results would not change. One board is not needed to ensure that the bulk of the $18 billion to $19 billion is actually put out there in the market for a return, because the trustees would not be investing it. They would put it out to tender for a professional firm to invest on their members' behalf. Whether there were two boards, a military and a civilian board, or whether there was one, that process would still follow. The minister's premise that only this way could achieve superior results is false. Two trustees, one for the military and one for civilian, using the same tender process for funds under management, would achieve the same result.

Mr BALDWIN (Paterson) (5.44 pm)—I do not intend to take up too much of the House's time, and the comments I am about to make in this consideration-in-detail stage relate to all three bills: the Governance of Australian Government Superannuation Schemes Bill 2010, the ComSuper Bill 2010 and the Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2010. I want to restate for the benefit of the House and those who will read these speeches—and there are a lot of vested interests in these speeches: a lot of serving and ex-serving ADF people whose financial position depends on the decisions we make in this parliament—that this is the minister and the government that say they consulted. The fact is they did not. One meeting with the coalition, followed by a couple of months of dodging phone calls, is not consultation, it is a joke.

Mr Tanner interjecting—

Mr BALDWIN—Yes, Minister, we rang your office many times looking for what your position was after our discussions, when you and I sat down in my office, and where we were going. We got no response at all. If Minister Tanner or Minister Griffin were serious about this reform, why didn't they begin the process with consultation? Why is it—and this is an apparent trait of this government—that it is always after they put the legislation to this House that they then want to do the consultation? If you want to get bills through that are at all contentious, you consult before, not after. A hollow apology today from Minister Griffin regarding his failure to consult is absolutely meaningless. The veteran community see right through it, just as they see right through this failed minister.

The government have assumed that, just because one ex-service organisation agreed with their amendments, all veterans and all ex-service organisations agree with their amendments. I have some real bad news for Minister Griffin and Minister Tanner: not everyone agrees. To believe that silence equals agreement is a very dangerous assumption; to state otherwise is a deliberate act of deceit. The legislation is failing because it was never properly thought through. They have not listened to well-thought-out different opinions on how to achieve the same goal. They have just gone blindly forward, to the detriment of those fine men and women of the Australian Defence Force, past and present, whose retirement income depends on the actions and representations of members in this House.

The amendments being put forward by the government are not being opposed, just the bills themselves. The bills do not go far enough in protecting the interests of our military men and women. Merely legislating to consult is not good enough, and it is not an answer in itself. But that is what can be expected from a government that is all about talk and no action and that has not made a single hard decision during its time in office. It would rather talk than produce outcomes. Does anybody remember any outcomes from the much-vaunted 2020 conference? That conference was the great media event in this House. Where are the outcomes? There are none.

I reiterate that three trade union directors on a board which contains only two CDF appointed directors is not in the interests of military members. Perhaps the minister needs to explain why there are only two CDF and three ACTU appointees, not three and three. Nor is it in the best interests of those members that the said ACTU appointed directors can only be removed by the President of the ACTU. Talk about leaving the fox in charge of the henhouse!

I and my colleagues in the coalition considered the amendments that we discussed with the minister in some detail. The coalition's amendments are not radi-

cal, nor are they difficult to implement. They simply seek to gain the best outcome for military members. We recognise the uniqueness of their service and we understand that we must act in their best interests. The Minister for Finance and Deregulation and the Minister for Veterans' Affairs are simply too obstinate to admit they got this legislation wrong. They are too proud to admit that the coalition's proposed changes ensure better financial terms for military and civilian members while ensuring the unique nature of military service is retained.

For the minister for finance to stand here and lecture the coalition on the financial benefits to members is also very disingenuous. The minister never provided the Treasury briefing to the coalition on how much extra members would accrue. He did not reveal the data because he is playing politics with this issue, whereas the coalition are fighting for a better outcome for military members. Furthermore, we have said time and time again that the amalgamation of investment funds is agreed upon; it is the governance structures that need to be changed. But, no, the finance minister simply dismisses that point out of hand. And what of the Minister for Veterans' Affairs? *(Extension of time granted)* When he came into this House to address this legislation he spoke for 20 minutes and barely addressed the bills. He said he was sorry for failing to consult the veteran community. You would think that the Minister for Veterans' Affairs and his office would be in almost daily consultation with the veteran community, but he has underestimated the impact this legislation has on the financial position of many men and women who are fighting for an increase to their DFRDB. The minister dismisses outright that they have a genuine case or need. The Minister for Veterans' Affairs also failed to articulate one reason why this legislation should be passed, showing again that he has absolute disdain for veterans and veterans issues.

I do not wish to delay the House any further, but let me say this: this issue will not go away, nor will the issue of DFRDB indexation. The government, when in opposition, made a clear and unequivocal promise to members of the veteran community that they would address the issues of indexation of military superannuation. After they came to government, on 24 December 2008 they tabled the review. Then it sat there until the coalition made them publicly release it. The comments are yet to be released.

They conducted another review and that review was responded to by the minister for finance. In that response, he said that the defence community did not deserve to have their superannuation indexed at the same rate as people on a pension or indeed at the same rate as members of this parliament. He thinks so little of the men and women of our Australian Defence Force that he denied them fair indexation. Again, as I have said, this was a rolled gold commitment from the Labor opposition prior to coming to government.

If you cannot take their word and you cannot trust as ironclad what they said in their election manifesto that they were going to do when they came in, how can we trust them when they say that all will be well with just two ADF appointments but three Labor ACTU appointments? How can we trust that the best interests of the veterans community will be served? The Minister for Veterans' Affairs came in and made an apology to this House, but he needs to do more than just make a simple apology. He needs to spell out very clearly why our veterans community, past and present serving members, do not deserve the support of their government—support that they demand, support that they were promised and support that this government has failed to deliver.

Mr ROBERT (Fadden) (5.53 pm)—I rise to speak on the Governance of Australian Government Superannuation Schemes Bill 2010 and cognate bills. I think the nation has had a bit of a gutful of ministers coming in and saying sorry. I know that in my state of Queensland, whenever Labor stuffs something up, which seems to be all too regularly, someone comes out and says: 'I am sorry. I will fix it.' Peter Beattie made a career out of saying: 'You know what? I am sorry I stuffed up, but I will fix it. I will do better next time.' He would do it again and again, and when the Queensland public got tired of him saying, 'I am sorry,' he left parliament, saying, 'I will take no government job,' only to take a $300,000 tax-free job just six or nine months later. When Labor ministers come out and say, 'I am sorry,' it is simply indicative that they are working on the premise that it is better to seek forgiveness than to ask permission. This government only started consultation with the veterans' community—

Mr Tanner—On a point of order, Madam Deputy Speaker: this is entirely irrelevant to the bill. I am as keen as anybody else to get this concluded. I suggest you call the speaker back to the bill.

Mr ROBERT—Consultation with the veterans and defence communities only started once there was an issue. It only commenced once the coalition and other organisations and groups out there started saying: 'Hang on. There is a problem here. Veterans and military personnel are not being treated in line with the uniqueness of the service they operated. They are not being treated as a group that is distinct and different, with different conditions of service and different expectations upon them. They are just being lumped in with every other superannuant, with a board over the top that gives them 20 per cent representation but gives the ACTU 30 per cent representation.' That is when consultation began.

This Minister for Veterans' Affairs and, indeed, the Minister for Finance and Deregulation knew this would

be contentious. They knew there was an opportunity for, and an expectation of, consultation, but they only took it up once the rubber hit the road. Looking at the amendments the finance minister has put before us with respect to consultation, he has now put in that he will consult with the Minister for Defence and with the CDF, but there is no discussion about consultation with respect to the three ACTU members. There is no consultation process with any parties about those bodies. We reiterate that the inability of the minister for finance to remove anyone without the permission of the CDF or the President of the ACTU remains unacceptable.

We reiterate that standing up and saying that we need to move this forward because it will deliver veterans $80,000 or $90,000 more in 34 years time is just completely ludicrous. I ask the minister: is he prepared to table the Treasury financial modelling that backed up his assertions in the House? Is he prepared to release the modelling that shows that there will be these great benefits for military personnel if this bill goes through? Is he prepared to table that modelling so the defence community and the veterans community can look at it with some degree of rigour? Right now the nation has little faith in Treasury forecasting and models. We learnt today, when the Treasurer was bringing out his pie graphs, that they were an invention of his own mind and his own office and not in fact from Treasury. I simply ask the minister for finance: sir, are you willing to table the forecasts and the modelling and the premises behind them?

Mrs MARKUS (Greenway) (5.57 pm)—I would like to get some facts on the table in this debate on the Governance of Australian Government Superannuation Schemes Bill 2010 and cognate bills. I can say with utmost clarity that, when I called a number of ex-service community leaders after these bills had been tabled, they had not received a call from either the Minister for Finance and Deregulation or the Minister for Veterans' Affairs. They had not seen the bills nor had they been consulted. As soon as I contacted them, I made sure that they had access to the bills. We then consulted about it. The coalition made sure that we heard what their concerns were. As a result of that and the coalition calling for a Senate inquiry, we saw over 190 submissions from the ex-service community, from ex-service organisations and from individuals.

This is a concern of every serving member of the Defence Force. These bills are going to impact their future and current superannuation payments. It is also going to have a serious impact on the veterans community. This is a critical issue that impacts not just veterans but current serving members of the Defence Force. From my consultation with the ex-service community, my understanding is that, while some may agree with the amendments that the government has put forward and feel that those amendments go some way towards addressing their concerns, many feel that the amendments have not gone far enough. They feel that the amendments have not gone far enough in acknowledging the uniqueness of service of our current personnel, who lay their lives on the line on a daily basis and continue to do so as we speak, or in recognising the service of those who are currently receiving benefits from the Department of Veterans' Affairs or those who are relying on their superannuation to sustain them in their retirement.

We need to get some facts straight here. While there have been some improvements, they do not go far enough. While there may have been some consultation, it was not before these bills were on the floor of the House. In addition, the issues raised in the consultation that has taken place have not been responded to 100 per cent. Not everything the ex-service community has asked for has been met. So I have to stand with my colleagues. It is important that we stand and fight for each individual digger, for each individual sailor and for each individual airman and airwoman who is currently serving or will be serving in the future.

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (6.00 pm)—Let me just quickly run through a number of points. What is the Governance of Australian Government Superannuation Schemes Bill 2010 about? It is about improving the governance and administration of Australian government superannuation with respect to both civilian and military personnel and about providing increased economies of scale to enable better investment returns on the funds that belong to those personnel, military and civilian, to produce better superannuation outcomes for them. What does the legislation not do? It does not change the rules of any superannuation scheme, civilian or military; it does not change anything with respect to the benefits or entitlements that prevail; and there is no change to the existing features that reflect the special nature of military service in the Australian Defence Force—for example, special death and disability arrangements. The schemes for Australian Defence Force members will retain their own legislation, which of course will continue to be the responsibility of the Minister for Defence, not the Minister for Finance and Deregulation. So the legislation that actually determines entitlements and arrangements for members of the Defence Forces will remain the responsibility of the Minister for Defence.

There are quite a number of furphies that are being put forward by the opposition in this debate. I am quite happy to provide the detailed calculations that underpinned the assessment provided to me by the Department of Finance and Deregulation, not Treasury, about the implications of combining the two pools of funds. Those details have previously been provided to the ex-

service organisations. The key thing that I point out here is that the whole aim of this exercise is to get the benefits of scale both in administrative efficiencies and in investment outcomes. My department advises that the advice from APRA is that, over a 10-year period, large funds outperform small and medium funds by at least half a percentage point of returns. Their calculations are based on that conservative assumption and up to one percentage point.

The military fund is a small fund, currently with about $3 billion in it. The civilian schemes have $16 billion in them. We did look genuinely at the proposition put forward by the member for Paterson about the prospect of two separate boards with a pool fund and came to the conclusion—this is the advice I have received from my department; this is not some sinister conspiracy by evil government ministers but the advice from the same people who provided advice to the Howard government on these issues when they were in office—that this was impractical and that it would be unduly costly. Think about it for a minute. If you have got two amounts of money that are pooled into a single investment strategy but there are two separate boards answering to two separate constituencies and making decisions, getting some degree of unanimity on every single point when they are answerable to different constituencies and have different responsibilities is a highly unlikely scenario. The only way to ensure that you can get genuine efficiency about individual investment decisions, which is ultimately exactly the same process irrespective of whether the member is a civilian or military person, is to have a single structure. That is the advice we have received from the department of finance and that is the advice on which we are acting.

There are conspiracy theories about the involvement of the ACTU on the trustee board. There are three ACTU representatives and two ADF representatives. Apart from the fact that that is the current level of representation in each case in the existing schemes, what that also reflects is the relative size of the constituencies involved here, and in particular that is evidenced by the amounts of the funds: $3 billion on the one hand versus $16 billion on the other. Because there are special restrictions on decisions that specifically affect military members having to have, as part of them, one of the ADF representatives supporting that decision, that acts as protection for the military members against any of the kinds of conspiratorial possibilities that have been dreamed up by the member for Paterson and other members of the opposition. (*Extension of time granted)*

I am somewhat bemused that the opposition seem to be so keen for me or future ministers for finance to have the power to arbitrarily sack representatives on the trustee board who are nominated by the ACTU that they are prepared to give me the same power to do that with respect to representatives who are there representing the defence forces. It strikes me, frankly, as bizarre that on the one hand they are suggesting that there is inadequate representation and inadequate separation for people who are involved in unique activity, which we all agree is military service, and on the other hand they are prepared to let the minister for finance have the life or death say over who represents military interests on the board. I find that very strange, given that we have got in place legislation, the Superannuation Industry (Supervision) Act, which governs all people, whether on existing superannuation arrangements or other superannuation arrangements, and which sets requirements that ensure that, where things such as bankruptcy or other things make it inappropriate for people to continue, they therefore do not continue.

We believe it is inappropriate for the minister for finance to have the arbitrary power to dismiss members who are there in a representative capacity. Those representatives, be they representatives of employees of the Commonwealth or representatives of military personnel, have to have comfort in knowing that they cannot be arbitrarily dismissed by me or a successive finance minister because they are standing up for the interests they represent.

I will let you in on a little secret, Madam Deputy Speaker. I am not the most popular person in Canberra amongst civilian personnel in the Australian Public Service. Frankly, if I were the most popular minister in Canberra, I would not be doing my job. If I were an ordinary rank and file public servant, I would not want the minister for finance to have the capacity to arbitrarily sack my representative on my superannuation scheme board, and I do not think members of the Defence Force would want me to have the power to sack their representatives either.

Finally, I turn to something which has no connection with this legislation but was raised by the member for Paterson—that is, the Matthews report into the indexation methods for existing superannuation arrangements, which covered both civilian and military personnel. For many years these pensions have been indexed to the consumer price index. There has been a campaign for quite some time for the indexation to be changed to average weekly earnings. The member for Paterson told a blatant untruth when he claimed that Labor prior to the election promised we would make that change. In fact, what we promised and what we followed through on was to have an independent expert inquiry into this issue.

That expert inquiry by Trevor Matthews, an unimpeachable world ranked expert on these issues, found that the existing arrangements should continue. We have followed that advice. Had he found the opposite, had he said to the government, 'You should make that change,' and had we rejected it, there would be more

validity in the criticisms being made by the member for Paterson. But our commitment was to an independent expert inquiry. The unimpeachable expert, who is Australian but has extensive experience in these matters internationally as well, found that changes should not be made, and that is the decision we took.

The thing that makes all of this most amusing is that for most of the 11½ years the opposition were in government this was a significant issue and they did nothing to address it. They now come in here and suggest that the fact that the Rudd government, after being in government for 2½ years, have not made this change means we are reprehensible. They had 11½ years to do something. I think the ex-service organisations and the ex-Public Service organisations they talk to know precisely who they are dealing with here and realise that there is not much integrity and not much sincerity in the promises and commitments now being made, because they are being made by people who did not do anything about this issue for 11½ years and now have the hide to criticise this government, which has been in office for 2½ years, for doing nothing.

That concludes my observations. I indicate again the government's strong support for this bill. We would like to think this is a matter that could be dealt with on a bipartisan basis. We have no political agendas here other than to make the system work better for its members. *(Time expired)*

Mr BALDWIN (Paterson) (6.10 pm)—I did not think I would be speaking on this again, but there were a couple of issues in the Minister for Finance and Deregulation's summation that concern me. Firstly, he implied that, by having two separate boards, agreement may not be reached on investment decisions. Whether the two boards sit separately or sit as one board, there may be differences of opinion on investment decisions. This goes to the very point of what the coalition is saying—that is, if the CDF people are outnumbered three to two, or eight to two, then they would be overruled anyhow on what they consider to be the best way forward.

The minister spoke as though the board is sitting there almost on a daily basis deciding whether to buy or sell Telstra shares—you would not buy those at the moment with the way the government is handling the NBN—or mining shares—and you would not buy those either with the way the government is dealing with the resources super tax. Members of the board will not be handling individual investment decisions on what shares or stocks to trade or invest in. The minister advised me that the management of the money and investment of the portfolio will be done by an investment house or a brokering firm—and the minister can advise me of the exact terminology. As I understand it, the management of the portfolio is going out to tender and it will be the successful tenderers who will be managing the investment portfolio, deciding what to buy and when to sell.

There is no difference whether one cheque goes out for $16 billion and another for $3 billion to the same recipient. The money will be divided amongst the members on a ratio of $3 billion to $16 million. An amalgamation of the board will not mean that all of a sudden—and perhaps this is what the minister is implying—people on the MSBS will get a greater financial return. That is simply not the case, because the percentages of revenue in there determine how the profits, or the return on the investment, will be divided. The minister has just alluded to the greatest concern that we have—that is, that members of the ADF will be bullied, bludgeoned and voted down by the decisions of others, which may not be what the Defence Force considers to be in their best interests.

The minister was asked by Shadow Parliamentary Secretary Robert to table the document. The minister has said that the information is freely available. My office contacted the minister's office on a number of occasions for more information following the discussions that we had. I have to say that the minister was very generous after the bill was initially put. We had some discussions, and I thank him for that time. But the key point is there has been a request for financial details and the minister is expecting us to give him carte blanche approval to steam ahead without him having provided any financial details so we can better understand the position and where these great savings and great financial benefits for individual members, past and present, of the Defence Force will be.

I find the government's view very hard to believe. We as members of this parliament are elected by people to represent their best interests. Ministers and members of the executive government are elected by their caucuses to serve in this House, and their key role is the accountability of the government processes to this parliament. To devolve that responsibility to the head of the ACTU is not on. In this House, if I want to ask a question about the performance of that superannuation fund, I do not think I would be able to ask direct questions of the President of the ACTU at the bar of the chamber—and from opposition we would not have the numbers to cause that to happen. The minister would just say, 'Sorry, all the power lies with the President of the ACTU.'

The minister has quite correctly said that there are forms *(Extension of time granted)* in legislation by which those who no longer hold the qualification to serve as a director would be dismissed, but in that case it still has to go to the President of the ACTU for approval. Last time I looked, while the President of the ACTU might be elected by union members, I cannot remember there ever being a public ballot nationwide

for them to be a representative of all people in this House.

In summing up, our key issues are, firstly, the implication that ADF members' interests will be best served by this legislation—that is not the truth. Secondly, the statement by the minister that having two separate boards is unworkable because they will have differences of opinion just confirms the concerns of people on this side who actually understand veterans issues, perhaps none better than Stuey Robert, the shadow parliamentary secretary, who is a former serving officer of the Australian defence forces. He knows because he has been there, done that, bought the T-shirt and worn it out, as they say. Thirdly, the statement by the minister that there will be a financial disadvantage by this not all coming together is untrue as well. But the greatest concern that we have is this abrogation of ministerial responsibility by placing the power with others.

Three times the minister has been asked to table documents—and not just for the coalition to see; by being tabled, documentation pointing out the financial advantage and benefit would enable members of the gallery and, indeed, members of the public at large to see for themselves exactly where these proposed financial benefits are. Again we call on the minister to table those documents to make them a public paper, free for all to see. There is nothing to hide in this investment decision. There will be no forecast allocation of money to any individual fund or any individual portfolio that would in any way create a commercial-in-confidence issue. So we call on the minister to table the documentation.

The coalition has finished its debate. We are very disappointed, but we will not be discussing the other three bills any further; we have said what we had to say in this debate. We will be opposing the legislation here and in the Senate.

Question agreed to.

Bill, as amended, agreed to.

Bill read a second time.

Third Reading

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (6.19 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

COMSUPER BILL 2010

Second Reading

Debate resumed from 4 February, on motion by **Mr Tanner**:

That this bill be now read a second time.

Question put.

The House divided. [6.25 pm]

(The Deputy Speaker—Ms JA Saffin)

Ayes……	76
Noes……	53
Majority……	23

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bidgood, J.
Bird, S.	Bowen, C.
Bradbury, D.J.	Burke, A.E.
Burke, A.S.	Butler, M.C.
Byrne, A.M.	Campbell, J.
Champion, N.	Cheeseman, D.L.
Clare, J.D.	Collins, J.M.
Combet, G.	Crean, S.F.
D'Ath, Y.M.	Danby, M.
Debus, B.	Dreyfus, M.A.
Elliot, J.	Ellis, A.L.
Ellis, K.	Emerson, C.A.
Ferguson, L.D.T.	Ferguson, M.J.
Garrett, P.	Georganas, S.
Gibbons, S.W.	Gray, G.
Grierson, S.J.	Griffin, A.P.
Hall, J.G. *	Hayes, C.P. *
Irwin, J.	Jackson, S.M.
Kelly, M.J.	Kerr, D.J.C.
King, C.F.	Livermore, K.F.
Macklin, J.L.	Marles, R.D.
McClelland, R.B.	McKew, M.
McMullan, R.F.	Melham, D.
Murphy, J.	Neal, B.J.
Neumann, S.K.	O'Connor, B.P.
Owens, J.	Parke, M.
Perrett, G.D.	Plibersek, T.
Price, L.R.S.	Raguse, B.B.
Rea, K.M.	Ripoll, B.F.
Rishworth, A.L.	Roxon, N.L.
Shorten, W.R.	Sidebottom, S.
Smith, S.F.	Snowdon, W.E.
Sullivan, J.	Symon, M.
Tanner, L.	Thomson, C.
Thomson, K.J.	Trevor, C.
Turnour, J.P.	Vamvakinou, M.
Windsor, A.H.C.	Zappia, A.

NOES

Andrews, K.J.	Baldwin, R.C.
Billson, B.F.	Bishop, B.K.
Briggs, J.E.	Broadbent, R.
Chester, D.	Cobb, J.K.
Coulton, M.	Dutton, P.C.
Farmer, P.F.	Fletcher, P.
Gash, J.	Georgiou, P.
Haase, B.W.	Hartsuyker, L.
Hawke, A.	Hawker, D.P.M.
Hunt, G.A.	Irons, S.J.
Jensen, D.	Keenan, M.
Laming, A.	Ley, S.P.
Lindsay, P.J.	Macfarlane, I.E.
Marino, N.B.	Markus, L.E.
May, M.A.	Morrison, S.J.
Moylan, J.E.	Neville, P.C. *
O'Dwyer, K	Oakeshott, R.J.M.

Pyne, C.	Ramsey, R.
Randall, D.J.	Robert, S.R.
Ruddock, P.M.	Schultz, A.
Scott, B.C.	Secker, P.D. *
Simpkins, L.	Slipper, P.N.
Smith, A.D.H.	Somlyay, A.M.
Southcott, A.J.	Stone, S.N.
Truss, W.E.	Turnbull, M.
Vale, D.S.	Washer, M.J.
Wood, J.	

* denotes teller

Question agreed to.

Bill read a second time.

Mr Tuckey—Madam Deputy Speaker, I rise on a point of order. You gave the order to lock the doors, and the bells then continued to ring for at least 30 seconds. I suggest that, therefore, the vote should be taken again or I should be able to record my vote in the negative. But you might explain how you can lock this place up while the bells are still ringing.

The DEPUTY SPEAKER (Ms JA Saffin)—To the honourable member's point of order, the bells rang for four minutes and the sand had run through the hourglass. The Clerk did not turn the bells off immediately.

Mr Tuckey—The bells were still ringing and there are—

The DEPUTY SPEAKER—There is no point of order.

Mr Tuckey interjecting—

The DEPUTY SPEAKER—The honourable member will take his seat. There is no point of order.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (6.34 pm)—by leave—I move government amendments (1) to (7) together:

(1) Clause 2, page 2 (table item 2), omit "section 3", substitute "section 2".

(2) Clause 3, page 2 (after line 17), after the definition of ***CSC***, insert:

> ***Defence Minister*** means the Minister who administers the *Defence Act 1903*.

(3) Clause 9, page 7 (after line 4), after subclause (1), insert:

> (1A) Before making an appointment, the Minister must consult the Defence Minister.

(4) Clause 18, page 9 (line 12), before "The Minister", insert "(1)".

(5) Clause 18, page 9 (after line 27), at the end of the clause, add:

> (2) Before terminating the appointment of the CEO, the Minister must consult the Defence Minister.

(6) Clause 23, page 11 (line 28), omit "by making a", substitute "without making a real or".

(7) Clause 24, page 13 (line 5), after "report", insert "for presentation to the Parliament".

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (6.35 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

SUPERANNUATION LEGISLATION (CONSEQUENTIAL AMENDMENTS AND TRANSITIONAL PROVISIONS) BILL 2010

Second Reading

Debate resumed from 4 February, on motion by **Mr Tanner**:

That this bill be now read a second time.

Question put.

The House divided. [6.38 pm]

(The Deputy Speaker—Ms JA Saffin)

Ayes……	76
Noes……	51
Majority……	25

AYES

Adams, D.G.H.	Albanese, A.N.
Bevis, A.R.	Bidgood, J.
Bird, S.	Bowen, C.
Bradbury, D.J.	Burke, A.E.
Burke, A.S.	Butler, M.C.
Byrne, A.M.	Campbell, J.
Champion, N.	Cheeseman, D.L.
Clare, J.D.	Collins, J.M.
Combet, G.	Crean, S.F.
D'Ath, Y.M.	Danby, M.
Debus, B.	Dreyfus, M.A.
Elliot, J.	Ellis, A.L.
Ellis, K.	Emerson, C.A.
Ferguson, L.D.T.	Fitzgibbon, J.A.
Garrett, P.	Georganas, S.
Gibbons, S.W.	Gray, G.
Grierson, S.J.	Griffin, A.P.
Hall, J.G. *	Hayes, C.P. *
Irwin, J.	Jackson, S.M.
Kelly, M.J.	Kerr, D.J.C.
King, C.F.	Livermore, K.F.
Macklin, J.L.	Marles, R.D.
McClelland, R.B.	McKew, M.
McMullan, R.F.	Melham, D.
Murphy, J.	Neal, B.J.
Neumann, S.K.	O'Connor, B.P.
Owens, J.	Parke, M.
Perrett, G.D.	Plibersek, T.
Price, L.R.S.	Raguse, B.B.
Rea, K.M.	Ripoll, B.F.
Rishworth, A.L.	Roxon, N.L.

Shorten, W.R.	Sidebottom, S.
Smith, S.F.	Snowdon, W.E.
Sullivan, J.	Symon, M.
Tanner, L.	Thomson, C.
Thomson, K.J.	Trevor, C.
Turnour, J.P.	Vamvakinou, M.
Windsor, A.H.C.	Zappia, A.

NOES

Andrews, K.J.	Baldwin, R.C.
Billson, B.F.	Bishop, B.K.
Briggs, J.E.	Broadbent, R.
Chester, D.	Cobb, J.K.
Coulton, M.	Dutton, P.C.
Farmer, P.F.	Fletcher, P.
Gash, J.	Georgiou, P.
Haase, B.W.	Hartsuyker, L.
Hawke, A.	Hunt, G.A.
Irons, S.J.	Jensen, D.
Keenan, M.	Laming, A.
Ley, S.P.	Lindsay, P.J.
Macfarlane, I.E.	Marino, N.B.
Markus, L.E.	May, M.A.
Morrison, S.J.	Moylan, J.E.
Neville, P.C. *	O'Dwyer, K
Oakeshott, R.J.M.	Pyne, C.
Ramsey, R.	Randall, D.J.
Robert, S.R.	Ruddock, P.M.
Schultz, A.	Scott, B.C.
Secker, P.D. *	Simpkins, L.
Slipper, P.N.	Smith, A.D.H.
Somlyay, A.M.	Southcott, A.J.
Stone, S.N.	Tuckey, C.W.
Vale, D.S.	Washer, M.J.
Wood, J.	

* denotes teller

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (6.49 pm)—I present a supplementary explanatory memorandum to the bill. I ask leave of the House to move government amendments (1) to (4), as circulated, together.

Leave granted.

Mr TANNER—I move:

(1) Schedule 1, item 58, page 11 (line 24), before "The Committee", insert "(1)".

(2) Schedule 1, item 58, page 11 (after line 24), before paragraph 101(a), insert:

(aa) a director of CSC nominated by the Chief of the Defence Force under the *Governance of Australian Government Superannuation Schemes Act 2010*, as determined by CSC; and

(3) Schedule 1, item 58, page 11 (after line 30), at the end of section 101, add:

(2) The director of CSC determined by CSC under paragraph (1)(aa) is to be the Chair of the Committee.

(4) Schedule 1, item 128, page 22 (line 24), at the end of the definition of ***decision of CSC***, add "or the regulations".

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr TANNER (Melbourne—Minister for Finance and Deregulation) (6.50 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

FAMILY ASSISTANCE LEGISLATION AMENDMENT (CHILD CARE BUDGET MEASURES) BILL 2010

Second Reading

Debate resumed from 26 May, on motion by **Ms Kate Ellis**:

That this bill be now read a second time.

Dr STONE (Murray) (6.51 pm)—I rise to speak on the Family Assistance Legislation Amendment (Child Care Budget Measures) Bill 2010. The bill is so that the Labor government can amend A New Tax System (Family Assistance) Act 1999 by setting the annual childcare rebate limit at $7,500 for the four income years starting from 1 July 2010. Further indexation of this amount will not then occur until 1 July 2014. It was part of the 2004 election campaign commitment, when the Howard government gave a rock-solid guarantee of further extra assistance for families. The childcare tax rebate, as it was called then, was introduced by the Howard government in 2005 and backdated to 1 July 2004. We did this because we understood that being able to have affordable and accessible, and good quality, child care was an essential part of a family being able to manage its work and family commitments. Unfortunately, in seeing this reduction in childcare funding, we see a government that has no concern whatsoever for the affordability of child care, especially given the recent COAG national standards changes—and I will come to those in a minute.

The childcare tax rebate, as it was called then, was introduced by the Howard government in 2005 and backdated to 1 July 2004. We did this because we understood that being able to have affordable, accessible and good-quality child care was an essential part of a family being able to manage its work and family commitments. Unfortunately, in seeing this reduction in childcare funding, we see a government that has no concern whatsoever for the affordability of child care, especially given the recent COAG national standards changes—and I will come to those in a minute.